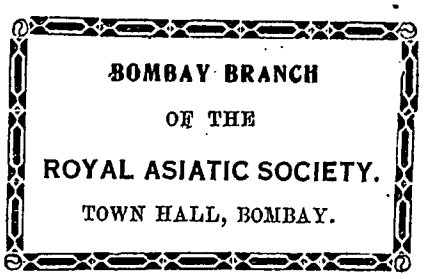
00108850



Digitized with financial assistance from

Government of Maharashtra

on 01 February, 2020

Reserve Bank of India

REPORT

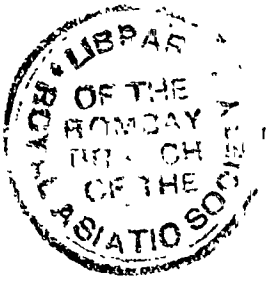
ON

CURRENCY and FINANCE

FOR THE YEAR

1943-44

108850



BOMBAY
THE TIMES OF INDIA PRESS
1944

CONTENTS

	Paragraph	Page
I. INTRODUCTORY	1–11	1–19
General Features of the Year	1	1–2
Wartime Finances	2	2–5
Currency Circulation and Wholesale Prices (*with graphs*)	3	6
United States	4	6 & 9
United Kingdom	5	9–10
Other Empire Countries	6	10–12
Middle Eastern Countries	7	12
Germany	8	12–13
Japan	9	13
Burma	10	14
India (*with graphs*)	11	14–19
II. PRICES AND TRADE	12–18	19–25
Price Trends in India and certain other Countries	12	19–21
Trends in International Trade	13	21–22
India's Balance of Trade in Merchandise (Private)	14	22
Quantum and Prices	15	22–23
Direction of Trade	16	23–24
Composition of Trade	17	24–25
Imports and Exports	18	25
III. BULLION	19–24	26–30
Production of Gold	19	26–27
Price of Gold	20	27–29
Assaying and Refining of Gold	21	29
Production of Silver	22	29
Price of Silver	23	29–30
Assaying and Refining of Silver	24	30

	Paragraph	Page
IV. FOREIGN EXCHANGE AND EXCHANGE CONTROL	25–34	31–36
Purchases of Sterling and Remittances	25	31
Exchange	26	32
Developments in Exchange Control	27	32
Import of Currency Notes	28	32
Export Control	29	32–33
Methods of Export Finance (*with graphs*)	30	33
French Overseas Empire	31	33 & 35
Chinese Exchange	32	35
Restrictions on Travel	33	35–36
U.S. Dollar Securities	34	36
V. PUBLIC FINANCE	35–56	36–56
General	35	36–37
A. BUDGETS	36–41	37–46
Finance Accounts 1942-43	36	37
Revised Estimates 1943-44	37	37–38
Budget Estimates 1944-45	38	39–42
Railway Budget	39	42–44
Provincial Budgets	40	44–45
Subventions and Payments from the Centre	41	45–46
B. PUBLIC DEBT	42–56	47–56
(*a*) GOVERNMENT BALANCES AND SHORT-TERM BORROWING	42–47	47–49
CENTRAL GOVERNMENT:		
Balances	42	47
Treasury Bills	43	47–48
Yield on Treasury Bills	44	48–49
Ways and Means Advances	45	49
PROVINCIAL GOVERNMENTS:		
Balances and Ways and Means Advances	46	49
Treasury Bills	47	49

	Paragraph	Page
(*b*) LONG-TERM DEBT AND OTHER BORROWING	48–56	49–56
Government of India Loans	48	49–52
Repayment of Loans	49	52
Provision for Reduction of Debt	50	52
Repatriation of Sterling Debt	51	52–53
Composition of Total Rupee and Sterling Debt Since 1913-14	52	54
Conversion of Government Promissory Notes into Stock Certificates, and Subsidiary General Ledger Accounts ..	53	54
Post Office Certificates and Savings Bank Deposits ..	54	54–55
Provincial Loans	55	55
Debt Position of Provinces	56	55–56
VI. CAPITAL MARKETS, MONEY AND BANKING	57–64	56–62
Government Securities Market	57	56–58
Industrial Share Market	58	58–59
Money Rates and Conditions	59	59
Consolidated Position of Scheduled Banks	60	60
Clearing House Statistics	61	60
Internal Remittances	62	60–61
Reserve Bank of India: Banking Department	63	61
Reserve Bank of India: Issue Department	64	61–62
VII. CURRENCY	65–82	62–73
A. CIRCULATION AND ABSORPTION	65–72	62–70
Circulation and Absorption of Notes	65	62–63
Absorption of Rupee Coin (including Government of India One Rupee Notes)	66	63
Absorption of Small Coin	67	63–65
Total Absorption of Currency	68	65
Wartime Absorption of Currency (*with graphs*)	69	66
Seasonal Absorption	70	66
Note Circulation and Demand Deposits	71	66 & 69
Encashment of Foreign Circle Notes	72	70

	Paragraph	Page
B. MISCELLANEOUS MATTERS CONNECTED WITH CURRENCY AND COINAGE	73–82	70–73
Changes in the Form of Notes	73	70
Encashment of Burma Notes	74	70
Circulation of Notes by Denominations	75	70–71
Old Notes	76	71
Lost, Destroyed and Mutilated Notes	77	71
Note Forgeries	78	71–72
Coinage	79	72
Withdrawal of Silver Coin	80	72–73
Withdrawal of Nickel and Copper Coin	81	73
Counterfeit Coin	82	73

STATEMENTS

		Page	Paragraph
I.	Index Numbers of Wholesale Prices and Cost of Living in India and Certain Other Countries since 1938 (1929 = 100)	74	12
II.	Index Numbers of Wholesale Prices in India by groups of articles since 1939-40 (week ended 19th August 1939 = 100)	75	12
III.	Balance of Trade in Merchandise of British India, 1943-44	76	14
IV.	Highest, Lowest and Average Prices of Gold and Silver in Bombay and Import Duty on Silver, 1926-27 to 1943-44	76	20
V.	Highest, Lowest and Average Monthly Prices of Gold and Sovereigns in Bombay, 1943-44..	77	20
VI.	Week-End Prices of Gold and Silver and estimated stock in Bombay, 1943-44.. ..	78	20
VII.	Price of Silver in London, New York and Bombay, 1943-44	79	23
VIII.	Purchases of Sterling by the Reserve Bank of India, since 1937-38	80	25
IX.	Provincial Government Budgets, 1944-45 ..	80	40
X.	Subventions and other Payments made by the Centre to the Provinces under the Government of India (Distribution of Revenues) Order as amended	81	41
XI.	Government Balances in India with the Reserve Bank of India and at Government Treasuries, 1943-44	82	42
XII.	Government of India Treasury Bills since 1918-19	83	43
XIII.	Government of India Three Months Treasury Bills, 1943-44	84–85	43
XIV.	Government of India Ways and Means Advances and Treasury Bills Transactions, 1943-44 ..	86	45
XV.	Provincial Government Treasury Bills, 1943-44.	86	47
XVI.	Public Debt of India since 1913-14—(A) Rupee Debt, (B) Sterling Debt	87–88	52
XVII.	Post Office (A) Cash Certificates, (B) Defence Savings Certificates and (C) National Savings Certificates	89	54

		Page	Paragraph
XVIII.	Post Office (A) Savings Bank, (B) Defence Savings Bank Deposits	90	54
XIX.	Debt Position of Provinces since 1936-37 ..	91	56
XX.	Representative Rupee Securities of the Government of India: Prices in Bombay, 1943-44..	92–93	57
XXI.	Representative Rupee Securities of the Government of India : Prices since 1914-15	94	57
XXII.	Index Numbers of Prices of Indian Securities (1927-28=100)	95	58
XXIII.	Indian Money Rates since 1935-36	96–97	59
XXIV.	Scheduled Banks' Consolidated Position in India and Burma since 1935-36	98	60
XXV.	Clearing House Statistics since 1918-19 ..	99	61
XXVI.	Number and Amount of Cheques cleared at each Centre, 1943-44	100	61
XXVII.	(A) Remittances through the Reserve Bank of India	101	62
	(B) Remittances through the Imperial Bank of India	101	62
	(C) Remittances effected between the Reserve Bank of India, and the Imperial Bank of India and the Treasury Agencies ..	102	62
XXVIII.	Reserve Bank of India : Banking Department since 1935-36	103	63
XXIX.	Reserve Bank of India : Banking Department— Weekly Statement of Assets and Liabilities, 1943-44	104–105	63
XXX.	Reserve Bank of India : Issue Department— Weekly Statement of Assets and Liabilities, 1943-44	106–107	64
XXXI.	Reserve Bank of India: Issue Department since 1935-36	108	64
XXXII.	Monthly Statistics of Note Circulation in India and Burma since 1938-39	109	64
XXXIII.	Circulation and Absorption of Notes in India and Burma since 1909-10	110	65
XXXIV.	Absorption of Small Coin since 1909-10 ..	111	67
XXXV.	Absorption of Currency since 1914-15	112	68
XXXVI.	Monthly Absorption of Currency, 1943-44 ..	113	68
XXXVII.	Encashment of Foreign Circle Notes, 1943-44 ..	113	72
XXXVIII.	Circulation of Notes by Denominations since 1913-14	114	75
XXXIX.	Whole Rupees coined and issued from the Indian Mints since 1835	115–116	79

INTRODUCTORY

General Features of the Year.—In the year 1943-44 the war production of the Allied Nations reached its maximum and supplies and munitions were steadily amassed for the general offensive action against Germany and Japan planned to take place during 1944. One of the most important successes of the year was the winning of the Battle of the Atlantic, which had a profound effect not only directly on the fighting operations but also on the economic front. The defeat of the German U-Boat campaign resulted in a far larger proportion of the supplies despatched from the United States reaching their destination than was originally estimated. This enabled reserves of munitions and supplies to be built up so rapidly that it was found possible to release a portion of the available raw materials and productive capacity for the manufacture of goods for civilian consumption. The co-operation of the United Nations in the distribution of supplies, and the regulation and control of production facilities were still further expanded by the extension of the scope of agencies such as the Combined Production and Resources Board and the Combined Raw Materials Board. A feature of the year was, however, the great development in mutual aid and lend-lease in reverse. While the supplies of goods and materials by the United States under lend-lease steadily increased, and in 1943 accounted for 14 per cent. of that country's war expenditure, the volume of reverse lend-lease showed a remarkable expansion, as the requirements of the United States forces overseas were met to a growing extent by the countries in which the troops were stationed, or from which they were operating.

The Governments of nearly all countries, whether belligerent or not, were actively engaged throughout the year in attempts to regulate and control the inflationary tendencies which were the result of an almost universal shortage of consumer goods, owing to the deflection of the bulk of the industrial capacity of the world to the manufacture of war requirements, combined in most cases with a marked increase in the money incomes of the people. In belligerent countries, this increase was largely due to general mobilisation and the expansion of industrial activity, and in certain other countries, not directly involved in the war, to the expenditure by the armed forces of the warring nations stationed in them. In the United States, the United Kingdom and the Dominions, the measures to stabilise prices met with a considerable degree of success, although the upward pressure on the price levels was constantly increasing. In India, the rise in the cost of living index which had continued to advance at a rapid pace throughout 1942, was finally checked in June 1943, as a result of extensive Government control measures. In the countries of the Middle East, the inflationary rise in prices continued throughout the year, in part due to the fact that there was little incentive for Governments to absorb excess purchasing power by drastic increases in taxation or by wide scale borrowings owing to the absence of war expenditure. In China, owing to its isolated position and the difficulties of establishing effective controls, anti-inflationary measures were not very successful and there was a further large rise in prices.

The year was noteworthy for the formulation of a number of schemes for post-war reconstruction and development. These not only consisted of plans by national Governments for the development of industries and social services of their own countries, but also of international schemes aiming at the speedy restoration of normal conditions and prosperity throughout the world. The first of the latter schemes to be put into execution was the United Nations Relief and Rehabilitation Administration, which was established after the deliberations of a conference of representatives of the United Nations at Atlanta in November 1943. Under this plan, participating countries undertook to make a contribution of 1 per cent. of their national incomes to a fund whose objectives were to establish the pre-requisites of stability in the liberated countries through relief by way of food, clothing, shelter, medical aid and the restoration of essential services.

Another conference was held in July 1944, at Bretton Woods, New Hampshire, to discuss a plan for the establishment of an International Monetary Fund whose objects are stated to be to promote international monetary co-operation, to facilitate the expansion of trade, and to shorten the periods and lessen the degree of disequilibrium in the international balance of payments. The plan is the joint production of the British and the United States Treasury experts, and has been evolved after long and close discussions and is based on a previously published British scheme for the establishment of a Clearing Union (the Keynes Plan) and an American scheme for a Stabilisation Fund (the White Plan).

2. *Wartime Finances.*—The table on pages 4 and 5 gives figures of revenue, defence and total expenditure and public debt from 1938-39 to 1943-44 in respect of the principal belligerent countries excepting Germany for which figures are not available. War expenditure by Germany during the years 1941-42 and 1942-43 is believed to have been in the neighbourhood of Rm.200,000 million or £14,815 million at the rate of Rm.13½ per £1.

The wartime finances of the various belligerent countries have developed on similar lines. In most cases, about half the Government expenditure is covered by revenue, while taxation receipts have increased at a faster pace than public debt. The enlarged revenues are mainly due to substantial increases in direct taxation, particularly in taxes on income and profits, although latterly with a view to tapping small earnings and mopping up excess purchasing power, increases in indirect taxation have also been effected. The higher rates of taxation on beer and tobacco in the British budget for the year 1943-44 were a notable example of this. During the period comprising the financial years 1939-40 to 1943-44 the receipts from taxes on income and earnings including Excess Profits Tax increased more than four-fold in the United Kingdom, by more than thirteen times in Canada and sixteen times in Australia. In the United States, these receipts increased from $2,125 million in 1939-40 to $16,094 million in 1942-43.

In their borrowing programmes, Governments have concentrated on obtaining subscriptions to loans from outside the banking system and on the encouragement of small savings by the issue of Savings Certificates of small denominations with a view to immobilising the excess spending power resulting from the general increase in earnings. In the United Kingdom, savings both large and small amounted to £1,903 million in 1943 against £1,696 million in 1942, and accounted respectively for

37 and 35 per cent. of total wages and salaries in those years. In the United States, the Third War Loan of $15 billion floated in September 1943 was not open for subscriptions by banks. From 1939 to 1943, public debt in the United States rose nearly five-fold while the increase in the United Kingdom and Canada was more than 100 per cent. The level of public debt in the United States and Canada rose during 1943 above that of national income for the first time. In Germany, public debt had increased by the end of 1943 to Rm.229,860 million from Rm.37,340 million in 1939, the annual rate of increase during these four years being 78.3; 68.2; 50.1 and 37.1 per cent. The proportion of short-term debt to total debt increased from 32.9 per cent. in 1939 to 55.7 per cent. in 1943. The maintenance of a cheap money policy in almost all belligerent countries has tended to lighten the burden of debt to a considerable degree.

By the year 1943-44 the war effort as reflected in defence expenditure of belligerent countries had very nearly attained its peak; in the United States it is expected to reach its maximum in the first six months of 1944, with an estimated annual rate of spending of $97 billion against an average spending rate of $90 billion for the full fiscal year 1944-45. With the maximisation of the war effort, defence expenditure appeared to become more or less stabilised, and the rate of expansion in revenue and expenditure decreased. In countries such as the United Kingdom, where the taxable capacity may have been already reached, the budgetary deficits for the year 1944-45 are to be met entirely by borrowings and no new taxes have been introduced.

An idea of the magnitude of the cost of the present war and the financial effort involved can be had from a comparison with the figures for the last war as shown below :—

(In £ million)

	Last War 1914–18	Present War		Ratio of 3 to 1
		Total cost up to 1942–43	Total cost up to 1943–44	
	1	2	3	4
United States..	7,435	26,322	48,282	6·5
Great Britain	9,002	13,286	18,236	2·0
Canada	522	1,745	2,844	5·4
Australia	331	886	1,342	4·1
South Africa	29	231	333	11·5
India	212	371	596	2·8

By 1943 the Allied Nations had spent considerably more than in the years 1914 to 1918. The total cost of the last war has been estimated at £42,840 million of which the British Empire's share was £10,225 million or 23.9 per cent. The war expenditure of the United States alone by the end of June 1944 was greater than the total cost of the last war.

Country.	Years	Total Revenue	Defence Expenditure	Total Expenditure	*Percentage Increase in 4*	*Percentage of 2 to 4*	Public Debt (year-end figures)
	1	2	3	4	5	6	7
United States (In millions of $)	July-June						
	1938-39	5,165*a*	1,206	8,707	——	*59·3*	40,440
	1939-40	5,387*a*	1,657	8,998	+ *3*	*59·9*	42,968
	1940-41	7,607*a*	6,301	12,711	+ *41*	*59·8*	48,961
	1941-42	12,799*a*	26,011	32,397	+*155*	*39·5*	72,422
	1942-43	22,282*a*	72,109	78,189	+*141*	*28·5*	136,696
	1943-44	41,200*a*	88,500	96,300	+ *23*	*42·8*	198,000
	1944-45 (Budget)	40,800*a*	88,200	98,000	+ *2*	*41·6*	258,000
United Kingdom (In millions of £)	April-March						
	1938-39	927	400*b*	1,068	——	*86·8*	8,163
	1939-40	1,049	1,141*b*	1,817	+ *70*	*57·7*	8,932
	1940-41	1,408	3,220*b*	3,884	+*114*	*36·3*	11,399
	1941-42	2,074	4,085*b*	4,776	+ *23*	*43·4*	14,074
	1942-43	2,820	4,840*b*	5,623	+ *18*	*50·2*	16,855
	1943-44	3,039	4,950*b*	5,799	+ *3*	*52·4*	19,593
	1944-45 (Budget)	3,102	5,000*b*	5,937	+ 2	*52·2*	——
Canada (In millions of Canadian $)	April-March						
	1938-39	499	34	574	——	*86·9*	3,638
	1939-40	535	237	806	+ *40*	*66·4*	3,959
	1940-41	857	1,190*c*	1,683	+*109*	*50·9*	4,737
	1941-42	1,469	2,467*d*	3,019	+ *79*	*48·7*	6,609
	1942-43	2,161	3,873*e*	4,520	+ *50*	*47·8*	8,893
	1943-44	2,527	4,890	5,501	+ *22*	*45·9*	——
	1944-45 (Budget)	——	——	——	——	——	——

a. Net revenue.

b. The figures are approximate estimates. 1938-39—Navy, Army, Ordnance and Air votes and Issues out of Defence Loans; 1939-40—Navy, Ordnance and Air votes and Issues out of Defence Loans and vote of credit; 1940-41, 1941-42, 1942-43 and 1943-44 (est.)—votes of credit. The Defence expenditure was entirely met from votes of credit from 1940-41 onwards though small amounts from votes of credit were presumably issued for Civil Services including the self-balancing Post Office Department.

c. Includes $77·9 million for expansion of industry.

d. Includes $247·8 million for expansion of industry, and also a revenue of $36·5 million from the War Supplies Ltd.

e. The 1943-44 estimates are highly tentative. The figures for 'Direct War Expenditure' represent the total Departmental Estimates. The 'Gift' to U.K. is as provided in the War Appropriation (U.K. Financing) Act, 1942.

Country	Years	Total Revenue	Defence Expenditure	Total Expenditure	*Percentage Increase in 4*	*Percentage of 2 to 4*	Public Debt (year-end figures)
	1	2	3	4	5	6	7
Australia	July-June						
(In millions of Australian £)	1938-39	95	14	99	——	*96·0*	1,295
	1939-40	112	55	140	+ *41*	*80·0*	1,341
	1940-41	151	170	256	+ *83*	*59·0*	1,426
	1941-42	210	320	421	+ *64*	*49·9*	——
	1942-43*f*	267*g*	562	670*g*	+ *59*	*39·9*	——
	1943-44*f* (Budget)	312*h*	570	715*h*	+ *25*	*43·6*	——

f. The expenditure does not include supplies from the U.S. on Lend-Lease terms but includes a substantial sum for the provision of supplies, services, etc., to U.S. forces in Australia under "Reciprocal Aid."

g. Excludes £26·43 million and £0·57 million to be applied as grants to States for income-tax reimbursement, and entertainment tax reimbursement respectively.

h. Excludes £32·27 million and £0·77 million to be applied as grants to States for income-tax reimbursement, and entertainment tax reimbursement respectively.

South Africa‡	April-March						
(In millions of South African £)	1939-40	45·5	3·80	71·3	——	*63·8*	291
	1940-41	62·9	60·00	128·2	+ *80*	*49·1*	336
	1941-42	79·5	72·00	131·5	+ *3*	*60·5*	381
	1942-43	94·5	96·00	166·0	+ *26*	*56·9*	430
	1943-44	107·5	102·50	173·5	+ *5*	*62·0*	478
	1944-45 (Budget)	112·2	102·50	180·5	+ *4*	*62·2*	534

‡ Including expenditure on Capital Account.

India	April-March						
(In millions of Rs.)	1938-39	845	462	852	——	*99·2*	12,058*
	1939-40	946	495	946	+ *11*	*100·0*	12,039*
	1940-41	1,077	736	1,142	+ *21*	*94·3*	12,477*
	1941-42	1,346	1,039	1,473	+ *29*	*91·4*	12,092*
	1942-43‡	1,769	2,671	3,416	+*132*	*51·8*	13,891*
	1943-44‡ (Revised)	2,545	3,009	3,852	+ *13*	*66·1*	15,560*
	1944-45‡ (Budget)	3,085	3,012	3,878	+ *1*	*79·6*	19,882*

* The figures of public debt represent the total interest-bearing obligations. ‡ Including expenditure on Capital Account.

Japan†	1938-39	1,814	6,097	8,084	——	*22·4*	17,837
(In millions of Yen)	1939-40	2,247	6,468	8,953	+ *11*	*25·1*	23,481
	1940-41	3,168	6,764	10,034	+ *12*	*31·6*	30,895
	1941-42	3,868	15,730	20,253	+*102*	*19·1*	41,677
	1942-43	5,767	18,079	24,311	+ *20*	*23·7*	45,333 (June)
	1943-44	——	——	——	——	——	——
	1944-45	——	——	——	——	——	——

† The figures of total revenue represent tax receipts only, while those of expenditure include expenditure on Capital Account.

3. *Currency Circulation and Wholesale Prices.*—The table on the next page gives comparative indices of note circulation, sight deposits of commercial banks and wholesale prices since the war for certain Empire countries and the United States. The graphs on page 8 indicate the measure of the relative trends in different countries.

A review of monetary and price trends under the prevailing conditions resolves itself into a study of inflationary tendencies, and of the degree of success which the authorities in various countries have achieved in their attempts to counter inflation. The war has been attended by a universal expansion of purchasing power as reflected in the growth of bank deposits, increase in currency circulation and rise in the national price levels. It can be seen that the relation between the volume of notes in circulation plus deposits, and the price level varies from country to country. The trend in bank deposits has been similar to that in note circulation. The fact that in most cases the rise in note circulation and deposits has been faster than that in prices illustrates the danger of a further and continuing pressure on price levels, although, under present conditions, an increase in purchasing power may not exert the same expansionary pressure on the price level as it would under conditions of free economy.

The wartime increase in note circulation has varied between a little more than two-fold in the United Kingdom and more than five-fold in India and Canada, but the increase in deposits and the price level has been most marked in the case of India, the rise being four-fold and three-fold respectively. The movements in price levels in all countries were narrower in 1943-44, and only in the case of India did prices register a decline. The increase in note circulation and deposits inseparable from wartime finance continued during 1943-44 but was generally less rapid than during the previous year. The rate of increase in note circulation was the largest in the United States and India at 37 per cent., and it was least in the United Kingdom at 18 per cent.

4. *United States.*—The chief feature of the United States economy during 1943 was the continued increase in war production involving the conversion of half of the hugely expanded national production to war purposes. According to the Federal Board Indices (1935-39 =100) the physical volume of total industrial production reached a new high level in December 1943 at 241 as against 223 and 176 respectively at the end of 1942 and 1941; income payments during December 1943 stood at 224.8 as compared with 193.4 and 153.9 at the end of 1942 and 1941. The national income for 1943 is estimated at $135 billion as against $117 billion in 1942.

This phenomenal rise in national income created serious problems and the Administration has had to take vigorous steps to prevent inflationary rises in prices and wages. A fair measure of stabilisation has been achieved by means of orders fixing ceiling prices, the introduction of a plan for food subsidies estimated to cost $100 million, and additional taxation aiming to raise revenue from taxes from $39 billion in 1942-43 to $50 billion or half the budgetary expenditure. The Administration has not been wholely successful in the achievement of its aims owing to the opposition of Congress to increased taxation and to the principle of Government subsidies. This resulted in the reduction of the Treasury's taxation bill of October 1943 from $10.5 billion to $2.3 billion and in a refusal to vote the full subsidy programme.

QUARTERLY INDICES OF AVERAGE MONTHLY NOTE CIRCULATION, DEMAND DEPOSITS AND WHOLESALE PRICES

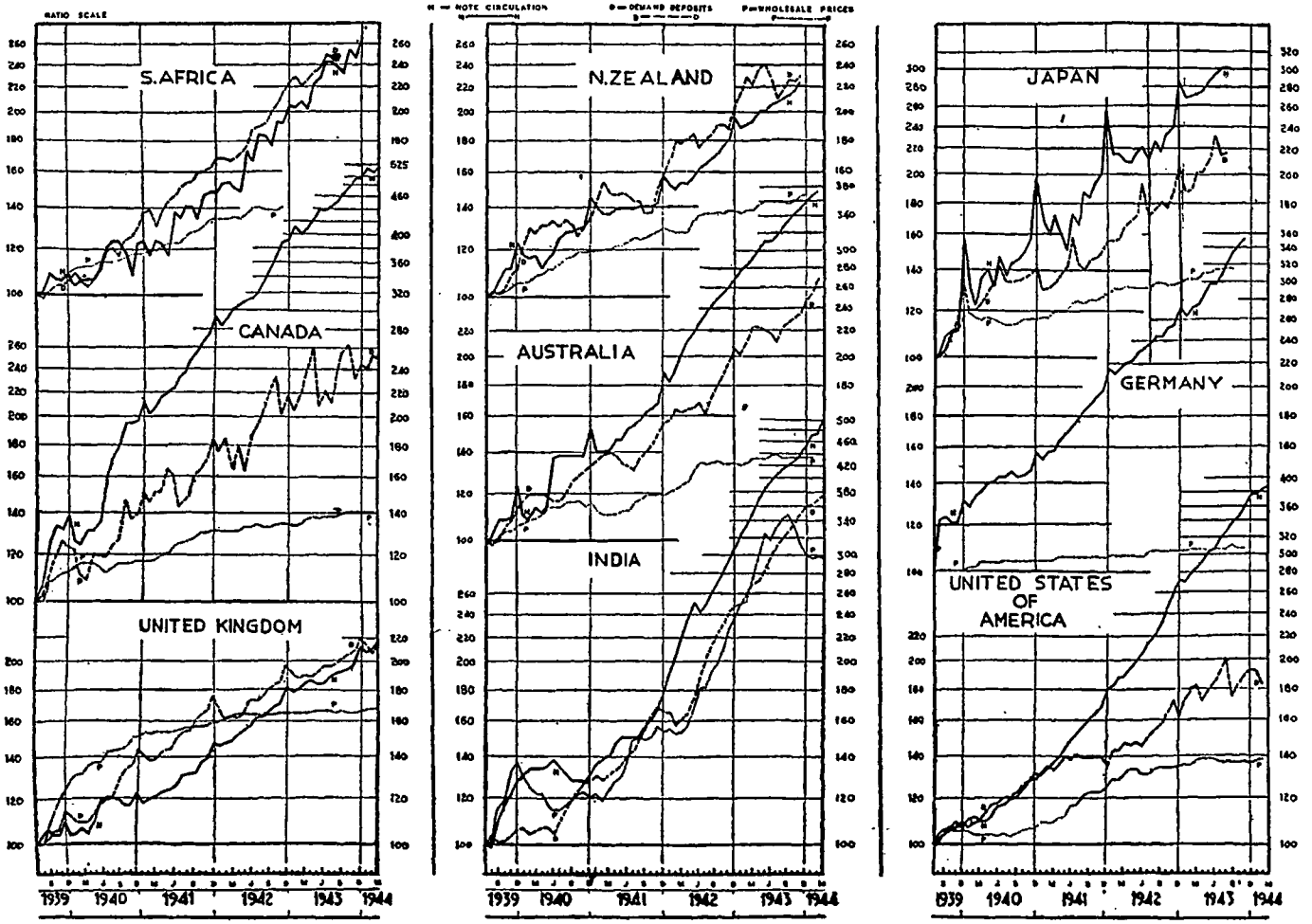
(*July* 1939 = 100)

		1939		1942				1943				1944
		III	IV	I	II	III	IV	I	II	III	IV	I
INDIA	*N*	*102*	*122*	*204*	*246*	*273*	*311*	*356*	*405*	*437*	*464*	*505*
	D	*101*	*103*	*167*	*185*	*224*	*253*	*273*	*299*	*335*	*367*	*390*
	P	105	129	154	169	191	225	258	312	342	316	298
UNITED KINGDOM..	*N*	*103*	*105*	*147*	*157*	*162*	*173*	*180*	*185*	*191*	*202*	*212*
	D	*101*	*108*	*164*	*166*	*175*	*187*	*189*	*192*	*199*	*211*	*212*
	P	102	119	161	163	163	164	165	166	166	165	167
CANADA	*N*	*110*	*134*	*290*	*311*	*350*	*396*	*410*	*441*	*468*	*501*	*512**
	D	*104*	*122*	*174*	*176*	*207*	*217*	*221*	*230*	*235*	*247*	*248**
	P	103	111	130	131	132	134	134	137	138	141	141*
S. AFRICA ..	*N*	*103*	*106*	*152*	*162*	*181*	*197*	*205*	*225*	*238*	*255*	*253**
	D	*100*	*104*	*168*	*178*	*194*	*217*	*226*	*239*	*245**	..	..
	P	100	106	133	136	138	139*	..	..	..	..	..
AUSTRALIA ..	*N*	*103*	*113*	*192*	*219*	*241*	*262*	*284*	*307*	*325*	*352*	*371**
	D	*100*	*109*	*161*	*166*	*170*	*193*	*213*	*221*	*221*	*238*	*260**
	P	100	104	122	130	134	134	134	137	137	137	..
UNITED STATES	*N*	*102*	*107*	*187*	*200*	*224*	*258*	*277*	*300*	*328*	*360*	*382*
	D	*103*	*107*	*143*	*146*	*154*	*166*	*177*	*179*	*190*	*189*	*189**
	P	102	105	128	131	132	133	136	138	137	137	138*

* Average of two months only. N—Note circulation. D—Demand Deposits. P—Wholesale Prices.

INDICES OF NOTE CIRCULATION, DEMAND DEPOSITS AND WHOLESALE PRICES

IN CERTAIN COUNTRIES DURING THE WAR. BASE:-JULY 1939=100



In April 1944, the dangers of an inflationary situation developing led the President to issue a 'Hold the Line Order' whereby price ceilings were to be placed on all commodities affecting the cost of living, and the War Labour Board was instructed to authorise no further increases in wages except to correct sub-standards of living. This order sought to "roll back" prices to the level of the 15th September 1942. The United States have, however, been successful in neutralising inflation to a considerable degree by maintaining and in many cases increasing the supply of civilian consumer goods, which has been instrumental in absorbing a portion of surplus purchasing power. As a consequence of this, the standard of living in the country has risen above the pre-war level, in marked contrast to the position in almost every other country in the world at present, whether belligerent or neutral.

The general problems of post-war reconstruction, termination of war contracts, disposal of surplus Government property, demobilisation and re-employment of members of the armed forces are being actively examined. A national Post-War Inter-Departmental Council was created in October 1943 to supervise and co-ordinate research and planning. In June 1943, a new Office of War Mobilisation was established to unify and supervise production programmes and to put the resources of the nation to the maximum use. This Office is also dealing with the immediate re-transfer of factories engaged on munitions production to the manufacture of civilian goods as supplies of different types of munitions reach the maximum required, and is formulating a long-range programme for the gradual reconversion of war industry to the production of goods for post-war markets.

5. *United Kingdom.*—As a result of the measures of stabilisation taken early in the war, the wartime economy of the United Kingdom showed little change from the previous year. It is generally recognised that the policy of denial and control and of bearing the cost of the war up to the maximum possible personal burden while simultaneously cutting down civilian consumption must be continued, if the position is to be maintained. The stabilisation of living costs has involved a larger use of subsidies which amounted in 1943 to £210 million, but the position has been assisted by the greatly increased food production, which in 1943 was 70 per cent. in excess of the pre-war average and now accounts for two-thirds of the nation's food requirements. The use of subsidies to stabilise prices has been extended from food to other essential goods entering into the calculation of the cost of living index, so that the rise in the index has been limited to 28 per cent. over the pre-war level. The pressure on the price level is, however, severe and the Chancellor of the Exchequer uttered a warning in his budget speech that the Government might be compelled to allow the cost of living index to rise to 35 per cent. in order to relieve the pressure on the price level as a whole.

Production of war supplies continued on a high level and the officially compiled index for the first half of 1943 stood at 300 (1940 = 100) as compared to 230 and 115 for similar periods in 1942 and 1941. This large increase was achieved by a further concentration of both consumption and production industry and by the labour policy of the Government with their negotiating machinery to settle wage disputes and their power to direct labour from one industry to another. The degree of mobilisation of manpower was very high; out of a population of 33 million between the ages of 14 and 65, 22.3 million or 68 per cent., including 7.1 million women workers, were

reported to be fully employed in the services or in industry. In the following table are given data which provide an index to the main wartime developments in the United Kingdom :—

	1938	1939	1940	1941	1942	1943
Wholesale prices (1930 = 100) (average of months)	101·4	102·8	136·6	152·6	159·4	162·8
Cost of living (July 1914 = 100) (average of months)	156	158	184	199	200	199
Note circulation (£ million) (average of Wednesdays) ..	485·6	507·3	574·7	652·2	808·3	966·3
Bank deposits (£ million) (average of months)	1,244	1,252	1,487	1,885	2,148	2,455
Clearings (average of working days) (£ million)	133·1	124·3	133·6	144·4	163·3	189·8
Retail sales (average daily sales) (1937 = 100)	102	105	109	105	108	106
Wages (Prof. Bowley's index) (December 1924 = 100) (average of months)	104·3	106·0	117·0	127·5	136·3	143·0
Unemployment (succeeding January figures) (thousands) ..	2,133·8	1,602·6	764·3	195·1	121·0	96·3
Capital floatations (thousands of £)	118,098	66,294	4,096	2,326	3,907	8,583

During the year, increased attention was paid to post-war reconstruction and to the consideration of the altered financial and economic position of the United Kingdom in the future due to the loss of her overseas investments. The Chancellor of the Exchequer emphasised in his budget speech the need for expanded exports to enable the country to pay for the imports of raw materials necessary for active employment, and for sufficient goods to maintain a decent standard of living. To assist in accomplishing these aims, the policy of Government subsidies for food and other vital commodities was to be continued with guarantees of reasonable prices to producers, farmers were to be assisted by long-term loans and reductions in interest rates to enable the present high rate of production to be maintained, special taxation concessions were to be made to shipping concerns and other industries to assist them in covering the cost of new equipment, and new industries were to be developed. A cardinal feature of the future policy of the British Government was the maintenance of the purchasing power of money in order to ensure that the real value of savings did not depreciate. In order to co-ordinate post-war reconstruction plans a Ministry of Reconstruction was established in 1943. In May 1944, Government issued a White Paper announcing that they accepted as one of their primary responsibilities the maintenance of a high level of employment after the war, and, to accomplish this, were prepared to take measures to regulate the volume of purchasing power, to meet the onset of depression by planned spending on public works, and to take concerted action with banks to influence capital expenditure. It was recognised that the success of this policy would be dependent to a considerable degree on the expansion of the country's export trade. During the period under review, the Government also proceeded with its post-war social service schemes for improved education and health services, and formulated plans to meet the acute housing shortage.

6. *Other Empire Countries.*—The war effort in the Dominions, which was still expanding in 1942, reached its peak in 1943, and thereafter a tapering off was noticeable in order to relieve the strain on civilian economy, and to prepare the way for the change-over from wartime to peace-time production. Industrialisation proceeded apace particularly in Canada and Australia, and it is estimated that the progress which has been achieved in the last four years would ordinarily have taken not less than a quarter of a century. Further measures

of an economic and financial nature were found necessary in order to counteract the effect of higher wages and to arrest the upward trend in living costs. These included a larger use of subsidies, a further extension of rationing, the amplification of price control machinery and increased taxation and Government borrowings, particularly out of individual savings. A noteworthy feature in Canada and Australia was the rationing of surplus commodities such as meat and butter to make larger amounts available for export to the United Kingdom.

A still further increase in Canada's production was recorded in 1943, and it is estimated that 55 per cent. of the total national production was devoted to war purposes. Exports, which reflect the magnitude of Canada's war effort, showed a record rise of 31 per cent. during the seven months from April to October 1943. According to the Department of Munitions and Supplies, war contracts and commitments during the four-year period from the 14th July 1939 to the 30th June 1943 totalled $8,914 million, of which supply programmes for the United Kingdom accounted for $3,703 million or 41 per cent. To achieve this increased production, further measures for the organisation of labour were taken. Orders were passed for the registration of workers engaged in non-essential industries, and for the transfer of workers from one industry to another. As a result of a new labour code providing for the addition of a cost of living bonus to the basic wage rates, the average earnings of an employee in Canada rose to $30.97 per week during the year ended August 1943, as against $28.62 in the previous year. The cost of living index (1935-39=100) in October 1943 stood at 119.3 against 117.8 a year before. The financial position of the farmer has been greatly improved by the war, and the farm income in 1943 has been estimated at 25 per cent. higher than in 1942, when it was the highest in the history of Canada. The farm debt problem, which before the war was acute, has been substantially alleviated. To prevent the deterioration of the position of primary producers, the Government of Canada announced in October 1943 that they would assume responsibility for maintaining a floor for farm prices during the post-war transition period and, with a view to protecting producers from a sudden slump in prices, were entering into an agreement for the sale of farm products to the United Kingdom after the war.

In Australia, both primary and secondary production rose to a still higher level in 1943. With the removal of the threat of invasion, the necessity for Australia to maintain such a high proportion of its manpower in its armed forces decreased. During the course of the year, 90,000 men were diverted from the army for the purpose of increasing food production to supply the requirements of the growing Allied forces in Australia. The Government also appointed special Commissions to enquire into problems such as social security, the development of industry, housing and agriculture, and to provide the necessary data for post-war planning.

In South Africa, the year witnessed a large improvement in and extension of the system of controls, over both supplies of commodities and prices, which up to that time had not been satisfactory. There was increasing industrialisation, and the expansion of the textile industry and of the manufacture of agricultural implements was marked. The country continued to have a favourable balance of payments and the acquisition of gold and foreign exchange by the South African Reserve Bank amounted to £69.4 million in 1943 as against £68.5 million in 1942 and £32 million in 1941. Sterling stocks of the Union Government to the value of £39.5 million were repatriated in 1943. The Industrial and Agricultural Requirements Commis-

sion appointed to enquire into long-term policy has issued a report recommending increased industrialisation to absorb those who cannot make a living from farming and to counterbalance the inevitable decline in gold mining predicted to commence within two years. The Commission also stressed the need for reducing the high cost of manufacture by rationalisation and the increased use of native labour.

7. *Middle Eastern Countries.*—A considerable degree of inflation has occurred in all countries in the Middle East, due to an extreme shortage of consumer goods combined in most cases with heavy Allied expenditure and an absence of effective control machinery. In addition, defence expenditure in these countries has been of small proportions, and there has, consequently, been no apparent necessity for increasing taxation or Government borrowings which might have had the effect of absorbing some of the extra money disbursed. In September 1942, an anti-inflation Conference was held in Cairo under the auspices of the British and American authorities, which led to the establishment of a standing committee for the co-ordination of measures for the preservation of civilian economy in the Middle Eastern countries. As the Allied expenditure in the Middle East has now passed its peak and a downward adjustment of prices has become more practicable, it was decided to hold a further anti-inflation Conference. This took place in Cairo in April 1944 and was attended by the representatives of eleven Middle Eastern countries. The Conference recommended, among other measures, supplementary taxation the proceeds of which were to be retained as a reserve for post-war needs, and the encouragement of the production of consumer goods by subsidies, if necessary, the cost of which would be met out of new taxes. The British and American Governments also gave assistance by arranging to meet a part of their expenditure in Egypt and Iran with gold, which was offered for sale in Cairo and Teheran as a means of absorbing idle and surplus funds.

8. *Germany.*—During the year under review the economy of the German Reich was subjected to further changes with a view to maintaining productive activity at the same level as in the previous year in order to make up for the reduction in supplies due to the loss of occupied territories and to meet the interference to industrial production caused by frequent bombing attacks. To accomplish this, industry was placed under the complete technocratic control of the Minister of Weapons and War Production. This control was exercised through special committees known as Speer Committees named after the Minister, which operated through highly mobile bodies of engineers and specialised working gangs, who were able to take over and operate whole factories with a view to rectifying breakdowns, preventing waste and removing inefficient management. Production was still further concentrated in the more efficient units. This system was extended from purely war plants to all manufacturing industries, with the result that the distinction between armament and civilian work practically disappeared. Germany's shortage of man-power is indicated by the fact that nearly seven million foreigners are now employed in industry and agriculture and they form 40 per cent. of the total number of workers. Of the Germans employed, 40 to 50 per cent. consist of women. Decrees have lately been issued mobilising women and children between the ages of 10 to 16 for work in war factories.

Stability of wages and prices was maintained to a considerable degree with the exception of certain sections of retail prices. By August 1943, after four years of war, the indices of wholesale prices, cost of living and share prices had increased by 8.6 per cent., 9.5 per cent. and 55.3 per cent. respectively. Despite stringent control over the working of bourses, which included the fixing of maximum prices for shares

and industrial debentures, a large rise in the index of share prices occurred and this may be regarded as a clearer indication of economic trends in Germany than the wholesale price index which is more or less fictitious and the cost of living index which reflects only the prices of rationed and controlled commodities. The stabilisation has been achieved to a considerable degree at the expense of occupied and satellite territories, the exactions from which in the form of occupation costs and balances on clearing account during the past four and a half years have been estimated at £5,800 million (£1=Rm.13½) and these are expected to increase further at the rate of £1,700 million a year. In spite of the extended increase of internal control and these gigantic levies, Germany's wartime finances are now showing signs of strain. This is illustrated by the lower rate of increase in small savings which in 1943 are not believed to have reached the level of 1942, by the fact that more than half the total of Government expenditure is met by borrowing as the taxable capacity of the country appears to have been reached and by the rise in the note circulation, which in the fourth year of the war showed an increase of 33 per cent. over the previous year rising from Rm.21.81 million to Rm.29.03 million at the end of August 1943. In 1939 the note circulation amounted to Rm.10.01 million.

9. *Japan.*—With the war approaching an acute stage, the Japanese Government have called upon the nation for a more intensified war effort, and measures were taken to convert the " whole country into one gigantic arsenal ". Legislation was passed to bring about a concentration and mobilisation of industry necessary for increased production at a cost of 3,800 million yen. Further amalgamation of shipping and banking concerns and railways also took place, and the degree of Government control and supervision of the economic life of the country increased. Evidence is available of increasing financial and economic strain in the country. The standard of living has, it is estimated, gone down by 40 per cent. while prices have risen rapidly and extensively. The budget for 1944-45 envisages a large increase in taxation most of which is to be in the form of direct taxation.

Japan's attempts to develop her so-called 'co-prosperity sphere' have not been attended with the success she had hoped for, mainly due to a shortage of shipping which has been intensified by the successful naval and air operations of the Allied Nations. The new Japanese Empire covers an area of nearly three million square miles and forms one of the richest regions in vegetable and mineral products in the world, with an abundance of labour. The Japanese Government have attempted to confine this area to the production of food and other agricultural raw materials needed by Japan, following the expressed policy of Germany in occupied Europe, but have been forced by war needs like the latter country, to encourage the growth of local manufacturing industries to a certain extent. The offices of the European banks in the occupied territories have been liquidated and branches of Japanese banks established in their place with the object of harnessing the financial resources of these countries to those of Japan. In addition, their currencies have been devalued in most cases to a parity with yen. Far-reaching changes have occurred in the economic life of all these territories as no exchange of their normal products of rubber, tea, kapok and sugar with the outside world is now possible. The substitution for these, of commodities which Japan requires, such as rice, cotton and jute, is taking place. The planting of cotton is being encouraged in all territories particularly in the Philippines while the cultivation of jute is being fostered in French Indo-China.

10. *Burma.*—The severe economic distress through which Burma was passing in 1942 continued during the year under review. The conscription of agricultural workers into cooly gangs and the commandeering of cattle and crops have led to the neglect of the land, and the bulk of the paddy fields of Upper Burma has not been cultivated for two seasons. As a consequence almost famine conditions prevailed in Upper Burma, which usually has a large surplus of rice, as, owing to the interruption of the transport system, the surplus rice could not be transferred from Lower Burma. The Japanese are still encouraging the growth of cotton in Lower Burma, although it is stated that they have not met with much success.

The evacuated Government of Burma have been mainly concerned with plans for the reconstruction of Burma after the ejection of the Japanese. A Burma-India Conference was held in February 1944 to discuss the future policy in respect of Indian immigration, rights of citizenship, compensation for war losses and facilities for trading.

11. *India.*—The development of India as a main base for the offensive operations of the Allied forces against Japan, particularly following the establishment of the South East Asia Command in 1943, has led to this country being called upon increasingly to draw on her resources of manpower and materials for war purposes. The progressively mounting defence expenditure and the steady increase in disbursements on behalf of the Allied countries on account of supplies and services are indications of the magnitude of India's war effort and the strain on her financial and physical resources. These disbursements include both the war expenditure recoverable from His Majesty's Government under the Financial Settlement of November 1939 and the cost of supplies to the forces of the United States under reverse lend-lease. Government outlay both on revenue and capital accounts in the four years 1940-41 to 1943-44, amounted to Rs.1,712 crores, of which the amount recoverable from His Majesty's Government totalled Rs. 966 crores. The production of munitions was maintained at a high level throughout the year, and attempts were made to step up the output of essential supplies not only to meet the still growing demands for war purposes but also to make supplies available on an increased scale for civilian requirements. Under the stimulus of the war, employment and wages both industrial and agricultural continued to increase. The table on page 15 and the graphs on pages 16 and 17 indicate the main trends in the economic and financial developments in the country since the outbreak of the war.

The most serious problem affecting the country during the year was that of food and on its successful solution depended the stabilisation of the cost of living and the maintenance of the country's production at its present high level. From about August 1943 until the end of December, serious shortages of food were experienced in many of the deficit areas particularly in Bengal, Bihar, Travancore, Cochin and Malabar. In Bengal, famine conditions prevailed for some months. The food shortage, although mainly due to an over-all deficiency of food grains in the country, was greatly aggravated by difficulties in distribution, owing to pressure on the internal transportation system of the country and by hoarding. The general food situation became such that the Central Government were forced to take over a large measure of direction and control from the provincial authorities. The immediate difficulties in Bengal were met by large exports of food grains from surplus provinces, imports from overseas and the organized distribution of supplies within the province with the aid of the military authorities. In addition, the Central Government took over the responsibility of feeding the greater Calcutta area with

		1939-40	1941-42				1942-43				1943-44			
	I. PRICE INDICES (Quarter-end figures)	II	I	II	III	IV	I	II	III	IV	I	II	III	IV
1.	All primary commodities	111·9	126·0	135·9	137·3	140·6	156·3	163·3	177·0	218·0	238·8	237·5	232·2	231·8
2.	Manufactured articles	116·5	146·7	167·3	153·8	165·2	167·4	182·3	222·2	227·9	263·5	252·3	251·6	259·8
3.	General Index	112·9	130·2	142·2	140·8	145·6	158·6	167·3	186·0	220·1	244·0	240·6	236·3	237·8
4.	Bombay cost of living	106	122	129	129	137	152	170	188	208	235	245	247	226
5.	Exports	61	68	87	92	89	95	99	111	120	129	132	126	124
6.	Imports	66	96	107	108	117	130	132	120	135	137	136	150	138
7.	Fixed yield Government Securities ..	103·8	117·6	118·0	116·2	109·8	113·1	116·1	116·2	116·1	116·1	117·3	117·6	117·7
8.	Preference shares	127·8	157·3	163·2	155·8	131·2	137·0	147·7	153·5	157·1	160·2	164·1	165·7	171·6
9.	Variable yield securities	111·4	123·2	136·2	132·1	119·6	124·3	136·3	143·7	162·8	174·8	176·8	186·8	195·3
10.	Bullion :—													
	(*a*) Gold (Bombay spot)	110·7	113·9	113·4	126·7	139·8	137·0	155·3	†178·2	191·9	222·4	208·4	191·3	198·3
	(*b*) Silver „ „	123·3	130·4	129·6	143·9	176·6	175·1	186·7	†207·9	230·3	254·4	255·7	240·9	277·1
	II. FINANCIAL STATISTICS (In crores of rupees)													
1.	Scheduled Banks*													
	(*a*) Demand Deposits	133·1	176·8	195·4	216·1	219·0	243·2	293·2	330·8	357·9	390·9	438·7	482·4	512·6
	(*b*) Time Deposits	101·6	102·1	103·6	106·6	103·8	95·8	98·0	105·6	117·4	126·2	134·9	143·9	165·9
	(*c*) Cash and Balance with the Reserve Bank	28·4	36·1	46·2	53·4	48·0	60·0	75·8	74·3	64·5	66·2	81·4	100·9	87·0
2.	Cheque clearings (Total)	490·6	615·8	662·9	**726·1	679·5	570·2	591·5	749·0	905·0	989·6	1019·6	1036·4	1236·0
3.	Notes in circulation, excluding Burma notes (Quarter-end)	192·8	258·8	267·6	314·5	381·7	443·2	492·6	570·4	643·6	723·4	759·7	840·8	882·5
4.	Absorption (+) or Return (—) of Notes and Rupees	+12·7	+17·4	+ 6·6	+54·5	+81·1	¶+63·4	+50·2	+100·3	+92·8	+89·1	+37·7	+88·1	+47·1
5.	Sterling Holdings of Reserve Bank (Quarter-end)	78·1	155·9	189·2	274·8	248·1	322·6	416·1	475·8	509·1	641·7	750·0	855·4	946·1
6.	Tax Revenue (April to Quarter-end) ..	34·3	19·3	39·1	64·1	103·3	18·5	42·9	77·3	134·5	28·9	66·3	112·4	199·2
7.	Defence Expenditure (April to Quarter-end)	21·0	20·6	41·4	67·9	103·9	34·6	84·5	138·3	214·6	48·0	104·1	183·8	262·6
8.	Rupee debt of Government of India :—													
	(*a*) Rupee loans (Quarter-end) ..	427·7	558·0	577·9	596·5	614·5	620·4	636·9	667·2	751·5	783·7	856·3	905·6	1002·6
	(*b*) Treasury bills outstanding (Quarter-end)	59·8	112·4	79·3	49·8	137·0	166·3	194·2	189·1	264·7	240·1	162·3	112·8	110·6

* Average of weekly figures (excluding Burma).

† Based on closing quotations of the 10th September.

¶ Excluding Burma from April 1942.

** Excluding Burma from December 1941.

Sources :—

I. Items 1 to 3 and 5 to 9. Economic Adviser to the Government of India.

I. Item 4. Bombay Labour Gazette.

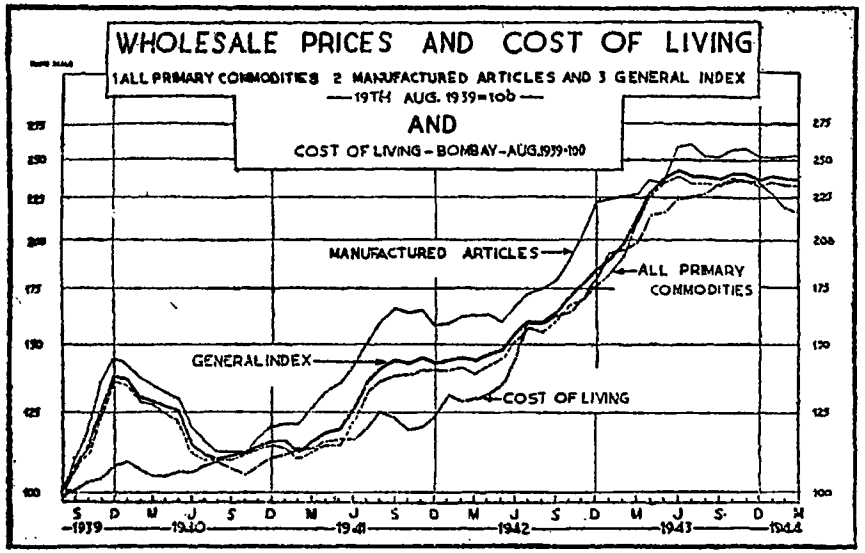
Base :—

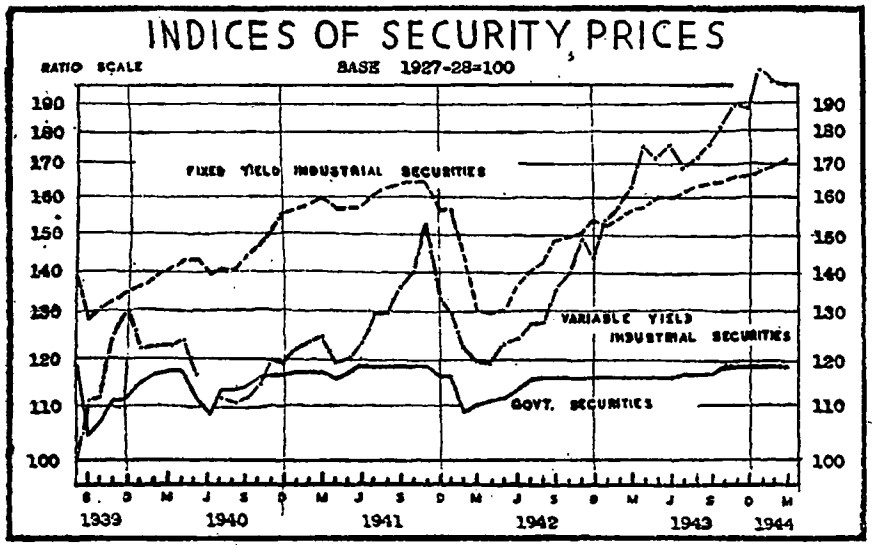
I. Items 1 to 3 : Week ended 19th August 1939=100.

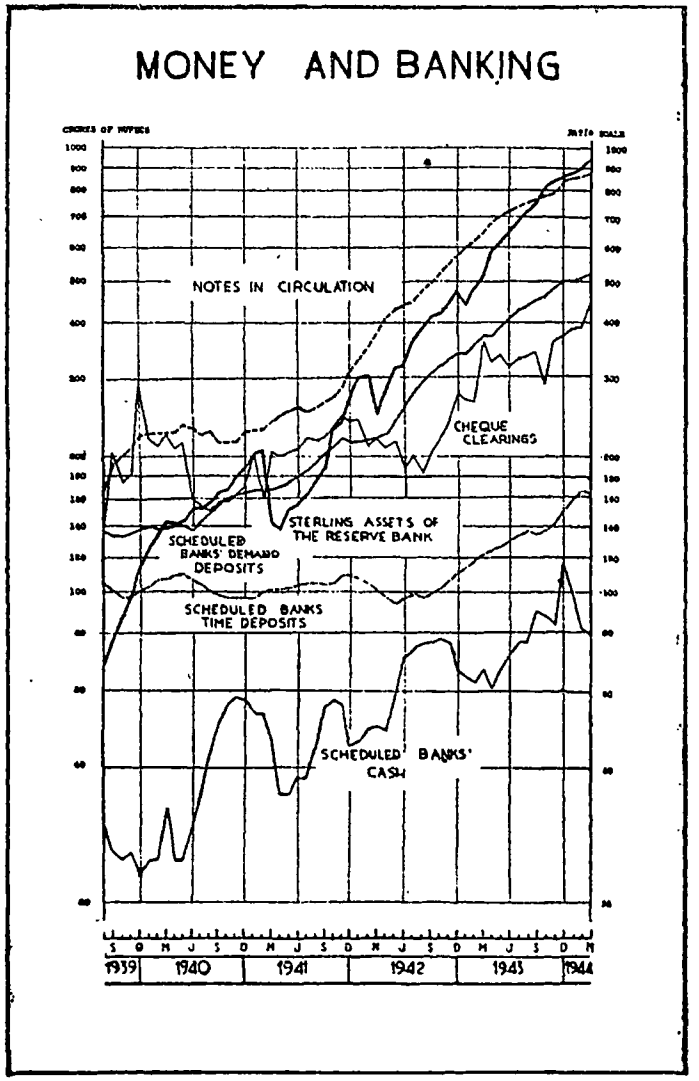
I. Item 4 : July 1933—June 1934=100.

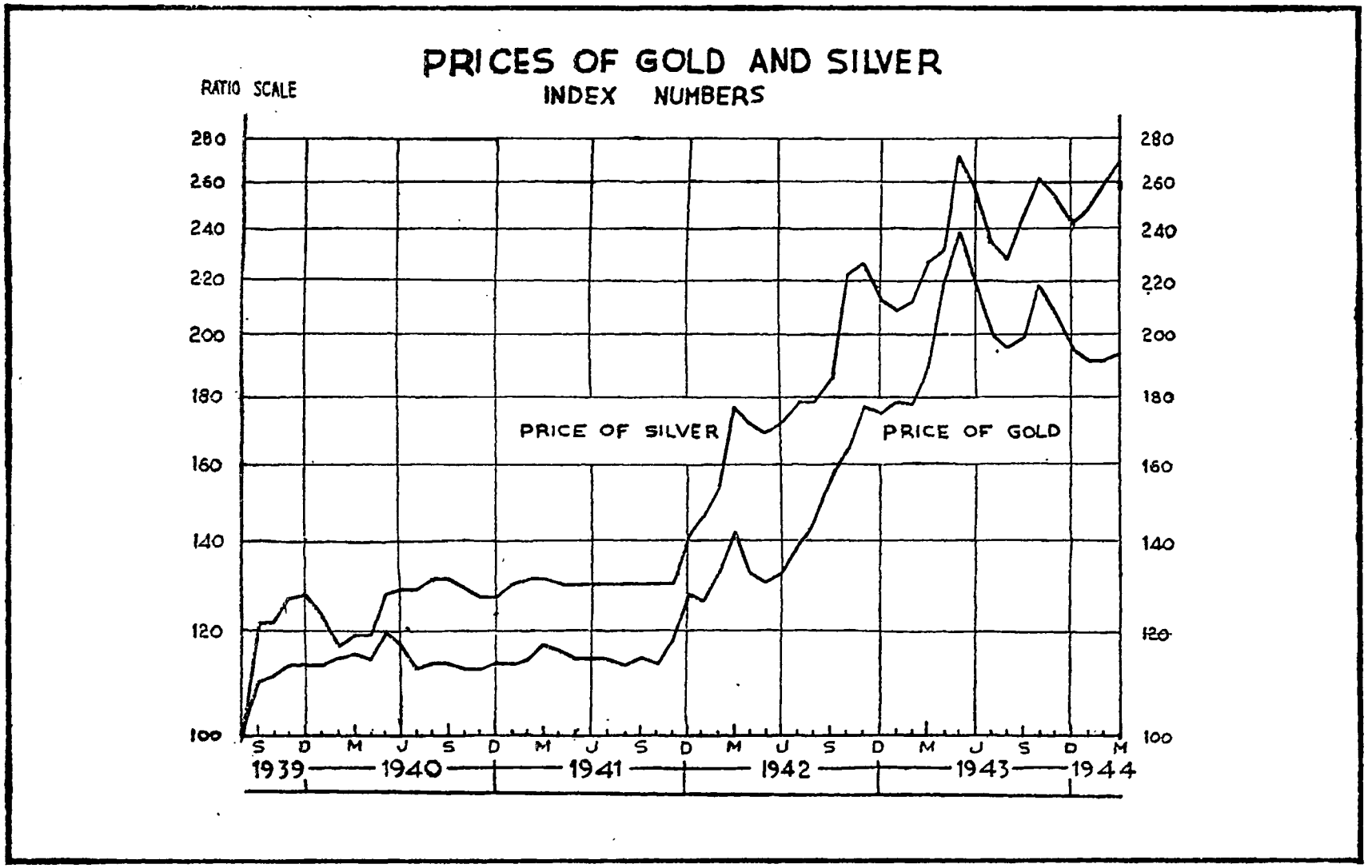
I. Items 5 to 9 : 1927-28=100.

I. Item 10 : June—August 1939=100.


WHOLESALE PRICES AND COST OF LIVING
1 ALL PRIMARY COMMODITIES 2 MANUFACTURED ARTICLES AND 3 GENERAL INDEX
—19TH AUG. 1939=100—
AND
COST OF LIVING – BOMBAY – AUG. 1939=100
MANUFACTURED ARTICLES
ALL PRIMARY COMMODITIES
GENERAL INDEX
COST OF LIVING
1939
1940
1941
1942
1943
1944


INDICES OF SECURITY PRICES
RATIO SCALE
BASE 1927-28=100
FIXED YIELD INDUSTRIAL SECURITIES
VARIABLE YIELD INDUSTRIAL SECURITIES
GOVT. SECURITIES
190
180
170
160
150
140
130
120
110
100
1939
1940
1941
1942
1943
1944


MONEY AND BANKING
NOTES IN CIRCULATION
CHEQUE CLEARINGS
STERLING ASSETS OF THE RESERVE BANK
SCHEDULED BANKS' DEMAND DEPOSITS
SCHEDULED BANKS TIME DEPOSITS
SCHEDULED BANKS' CASH
1939
1940
1941
1942
1943
1944


PRICES OF GOLD AND SILVER
INDEX NUMBERS
RATIO SCALE
280
260
240
220
200
180
160
140
120
100
PRICE OF SILVER
PRICE OF GOLD
S D M J S D M J S D M U S D M J S D M
1939 1940 1941 1942 1943 1944

food grains obtained from outside Bengal. The long-range policy of the Central Government for dealing with the food situation was based on the recommendations of the Food Grains Policy Committee which made its report in September 1943. The main features of this policy were the institution of statutory price control over the major food grains, first on a provincial and then on a regional basis; secondly, the introduction of civilian rationing in all towns with a population of over 75,000 whether situated in deficit or surplus provinces; thirdly, the procurement of food grains direct from the growers by Provincial Governments; and lastly, the adoption of a vigorous policy for increasing the area of land under food crops. In addition, the export of food stuffs, with the exception of small quantities for specific purposes such as supplies of rice to Ceylon, was stopped and every effort was made to obtain imports of grain from overseas both to meet immediate deficits and to build up a central food reserve. As one of the reasons for local shortages of food grains was hoarding by growers; attempts were made to increase the supply of consumer goods in agricultural districts, as an inducement to cultivators to sell their stocks. The scheme for the procurement of food crops on a voluntary basis was not found to work satisfactorily, nor were the attempts of Provincial Governments to persuade cultivators to change over from cash crops such as short staple cotton to the growing of food, very successful. As a result of their experience in 1943 the Provincial Government in Bombay, which is a deficit province, introduced a scheme for procuring on a compulsory basis a specified portion of all food grains produced, and in addition, enacted legislation to compel cultivators to devote a prescribed percentage of the acreage planted to food crops.

By the end of 1942-43 the cumulative effects of the wartime expansion of currency, the rise in the money income of a large portion of the community together with the reduction in the supply of consumer goods, had, in the absence of an adequate system of controls on distribution and prices and of machinery to absorb excess purchasing power, resulted in a large increase in living costs and price levels. This was further aggravated by the hoarding of essential commodities on a large scale, profiteering and speculation. In order to deal with this situation, a series of control measures were instituted during the year with the object of regulating the distribution and prices of essential goods, increasing production and checking speculation. In addition, sustained efforts were made to reduce purchasing power by attracting idle money into Government loans and by the institution of savings campaigns. Further measures were taken to speed up the assessment and collection of taxes, and in the 1944-45 budget, measures were introduced for the payment of Income and Excess Profits Tax at quarterly, instead of yearly, intervals. In addition, from August 1943 onwards the Reserve Bank commenced selling gold in order to absorb surplus funds.

Apart from the measures taken for the production and distribution of food, the most important of the control orders issued by Government was the Cotton Cloth and Yarn (Control) Order 1943 based on an agreement that was reached between the Government of India and the representatives of the textile industry. Its objects were to reduce prices and stimulate production by controlling the cost and supply of mill stores and by regulating the price of raw cotton, and to make available to consumers larger supplies of cloth by compelling dealers to sell hoarded stocks and by superintending the distribution of cloth from the mills to the retailers. Wholesale and retail prices for cloth were fixed and mills were only permitted to sell to dealers who held licences from the Textile Controller. It is claimed that these measures

have been successful in reducing prices by 30 to 40 per cent. and also in increasing supplies to consumers. In October 1943, a Hoarding and Profiteering Prevention Ordinance was issued penalising hoarding and profiteering, and prices were fixed for a large range of consumer goods during the course of the year. At the same time measures were taken to increase supplies by encouraging local manufacture, releasing a part of the output of factories entirely engaged on supplying military requirements and by a more liberal issue of import licences. Although these measures were not completely successful in reducing prices, they checked the rise in the general price level which has remained stabilised since June 1943. The greater measure of control exercised over the production, distribution and price levels of consumer goods during the year has also proved to be of material assistance in bringing food supplies on to the market.

In March 1943, a Reconstruction Committee of the Viceroy's Executive Council was set up with a number of Official and Policy Committees to deal with various post-war problems, and an announcement was made in June 1944 of the creation of a special Department of Planning and Development under the separate charge of a Member of the Viceroy's Executive Council. The duties of the Reconstruction Committee were to decide the general order of priority in which reconstruction schemes were to be undertaken, and to co-ordinate the activities of the various Official and Policy Committees. As a preliminary measure, the Central Government have been making enquiries from industrial and commercial associations as well as Provincial and State Governments as to their requirements of plant and machinery to enable the Government to form an estimate of the country's post-war needs. Further, post-war schemes, which took shape during the year and are under the consideration of Government, are a twenty-year programme for building roads at an estimated cost of Rs. 450 crores; a five-year plan for the development of civil aviation and a forty-year scheme for educational development. A scheme for the improvement of public health is under examination. The large sterling balances which have accrued as a result of the expenditure on behalf of Allied Governments in India during the war and India's favourable balance of trade should facilitate the purchase of capital goods, while His Majesty's Government have agreed to set aside each year, from 1944-45 onwards, a part of the U.S. dollars accruing from the excess of India's exports to over imports from the United States. These dollars are being earmarked for post-war capital expenditure outside the sterling area.

II. PRICES AND TRADE

12. *Price Trends in India and certain other Countries.*—It is difficult to review the international and national trends in prices and costs as comparisons of price levels between one country and another, and between the different constituents of the price index of the same country, are often of doubtful value owing to Governmental controls and restrictions imposed to meet the abnormal conditions arising out of the war, and the artificial basis on which certain official price indices are at present calculated. The varying degree of pressure of wartime inflationary forces on different national price structures, the measure of success attending attempts at domestic stabilisation by the regulation of living costs, the incidence of the volume of Allied expenditure and purchases, and, in enemy occupied territories and satellite countries, the ruthlessness with which local resources have been exploited, are all factors which have influenced and caused the present diversity in national price levels.

This diversity provides an index to the impact of the war on different national economies and is a warning of the complexity of post-war problems, which will arise when local prices have to be adjusted to a competitive level to permit the free flow of international trade.

In the United Kingdom the efforts of the Government to hold down the cost of living by means of subsidies, price controls and rationing have achieved a marked degree of success and as a consequence it has been possible to check the rise in industrial costs and wages and also to maintain a comparative stabilisation in the wholesale price level. Official policy has been largely concentrated on stabilising the price level of essential goods, that is, those entering into the composition of the cost of living index; it commenced with a control over foodstuffs, and was progressively extended to cover other commodities in common use. The cost of living index number was stabilised between 121 and 123 during the period March 1941 to March 1944, and the wholesale price index during the same period moved narrowly between 132 and 144 (*vide* Statement I). In the United States, where the inflationary impact has been relatively severe, a larger measure of price stability was in evidence during the year under review, following the Administration's "Hold the Line" programme. The cost of living index which rose to 100 in March 1943 as against 93 in March 1942 and 86 in March 1941 was held between 101 and 102 during the year under review; the wholesale prices also followed a similar trend ranging between 108 and 109 as against a steady rise from 102 in March 1942 to 108 in March 1943. In Canada, while the cost of living would appear to have been stabilised, the wholesale price level showed an upward tendency. The apparent fixity of German official price indices may to a large extent be attributed to their successful technique in exploiting occupied territories through currency manipulations and direct drafts of raw materials and commodities. In the case of Japan, however, prices and costs continued to move up despite the country's attempts to follow closely German methods of control of home economy and exploitation of conquered territories. At the other end of the scale and in sharp contrast to the principal belligerent nations stand the countries of the Middle East, where price levels have risen three to six times. The index number of wholesale prices (January to June 1939 = 100) had by the end of August 1943 risen to 655 in Turkey, 457 in Iran, 326 in Palestine and 271 in Egypt. In China, where inflation has occurred in a most virulent form, the cost of living index number had risen by 157 times above the 1937 level by March 1943 and by as much as 571 times by March 1944. Amongst the Latin American countries the wholesale price level by the end of September 1943 had increased by 97 per cent. in Argentina and by 100 per cent. in Chile and by 107 per cent. in Peru.

In India, the magnitude of whose war effort is represented by its rising budgetary expenditure and by an even larger volume of expenditure on behalf of the Allies, the price structure had shown a steep rise following the outbreak of war with Japan in December 1941. The disruption of the national economy, which was threatened by runaway prices, was countered by resolute measures of physical and financial controls with the object of restoring the price level to a wartime 'norm.' The Calcutta index of wholesale prices reveals that the rise was arrested by about the middle of the year under review and as Statement I shows, there has been since then a decline of 37 points from 248 in September 1943 to 211 in March 1944 (1929 = 100). Statement II shows the Economic Adviser's index number of wholesale prices (week-ended 19th August 1939 = 100), which is calculated on a wider and more

scientific basis. It shows a similar trend, the index number rising to the record level of 241.7 in June 1943, and tending to move downward and fluctuating narrowly between 240.8 and 235.7 during the rest of the year. Similar trends are noticeable in the price levels of 'Primary Commodities'. 'Food and Tobacco' and 'Other Agricultural Commodities' rose to peaks of 303 and 253 respectively in October and May 1943 and then receded to 284 and 200 at the end of March 1944. The declines were chiefly due to Government's measures for the regulation of food prices and for the control of trading in futures in commodities such as oil-seeds, copra and spices. Industrial 'Raw Materials' despite the declining trends in raw cotton and jute, steadily appreciated, reflecting shortages of supplies and transport; their index number registered almost a continuous advance from 172 in March 1943 to 197 in March 1944. The recession in the prices of manufactured articles during the latter part of the year after they had reached their peak in July, was caused by the various stabilisation measures introduced under *ad hoc* control orders and the comprehensive Hoarding and Profiteering Prevention Ordinance intended to regulate the production and distribution of commodities in common use, as well as the incidence of releases of larger supplies of goods for civilian consumption and increased imports of essential commodities such as drugs, foot-wear and iron and steel goods. The price level of jute manufactures, for which there was a steady demand, remained on the upward grade almost throughout the year and averaged higher at 248.8 in 1943-44 as against 184.5 in 1942-43. On the other hand, cotton manufactures after reaching their peak at 513 in June 1943 declined by 26 per cent. to 381 in December 1943 and continued the downward trend mainly as a result of the measures taken under the Cotton Cloth and Yarn (Control) Order.

13. *Trends in International Trade.*—The direction and composition of world trade on private account continued to be determined mainly by the exigencies of the war, but the quantum has declined from pre-war levels owing to handicaps in the form of shortage of transport, and of blockades and counter-blockades instituted by the belligerents. As was observed last year, following the demarcation of the world according to political alignments, global trade has been replaced by more or less closely knit trade groups, while the composition of international commerce continues to be influenced by the strategic requirements of the belligerent powers. The favourable developments in the progress of the war during the year under review led to a marked improvement in the trading opportunities of the Allied nations, by enabling them to reopen shorter and more direct routes between important regions. The increasing demands on shipping to supply the invasion armies, however, limited the expansion of trade on private account. On the other hand, commercial transactions between the two Axis powers were rendered more difficult by a more extensive and effective naval blockade. Both Germany and Japan have experienced growing difficulties in their commercial dealings with occupied countries. The President of the German Reichbank admitted that a vicious circle was being formed, as the uncompensated exports from the occupied countries to Germany paid for by credits to clearing account, were the direct cause of local inflation, with the result that prices of these exports rose steadily and the favourable balances on clearing account tended to increase at a still faster pace. As regards Japan, although the control, extended over the subjugated countries, closely follows the German pattern, difficulties have arisen because of the growing lack of transport, particularly shipping, and inability to absorb, on the one hand, the full volume of many of the natural products of the occupied territories, and, on the other, to supply even their most essential require-

ments. Japan has not been in a position either to utilise or dispose of the huge quantities of rubber produced in South East Asia while warehouses in Lower Burma continued to be glutted with the country's rice surplus.

With the war about to reach its final stages the United and Associated Nations are formulating plans to secure freedom of commercial intercourse between countries in the post-war world. The economic and financial consequences of the policies adopted after the last war and the fatally progressive restrictions to which world commerce was subjected under economic nationalism in the thirties, have clearly indicated the necessity for international agreement and the adherence of countries to a common policy, if a free flow of goods between nations is to be achieved. These aims are sought to be accomplished by the establishment of international organisations, whereby the resources of member nations may be made available to assist one another, to maintain exchange stability without the necessity of imposing restrictions on trade, and to provide financial aid for backward and undeveloped countries in obtaining their capital requirements. In addition, international agreements are being made to secure fair prices for and equitable distribution of commodities in universal demand such as oil and rubber and for the allocation and regulation of shipping routes and air services. It has now been recognised that freedom of international trade is not inconsistent with the maintenance of a policy of full employment in all countries, although in the transitional period from war to peace a measure of trade and exchange control may be found necessary to facilitate the switchover of labour and plant from military to civilian employment. With the progressive industrialisation of hitherto under-developed countries such as India, China and the South American Republics, a far reaching transformation in the composition of world trade must ensue, as the traditional exchange of manufactures against primary products declines and is replaced by an interchange of specialised products.

14. *India's Balance of Trade in Merchandise (private).*—The total value of India's foreign sea-borne trade during the year under review aggregated Rs.329.02 crores as against Rs.305.15 crores in the previous year and against the record level of Rs.426.21 crores in 1941-42. As Statement III shows, the balance of trade in merchandise rose by 8.4 per cent. from Rs.84.25 crores in 1942-43 to Rs.91.32 crores in 1943-44. The recession in the value of India's foreign trade, which set in in 1942-43 despite a continued rise in the prices of both imports and exports, was arrested by the middle of the year under review. Both imports and exports showed an improvement in the second half of the year rising respectively to Rs.66.73 crores and Rs.113.54 crores, the relative figures for the first half of the year being Rs.52.12 crores and Rs. 96.63 crores and for the second half of the previous year Rs.53.67 crores and Rs. 97.71 crores.

15. *Quantum and Prices.*—Comparative indices for the quantum and price level of imports and exports in respect of the last three years are given below :—

(Original base 1927-28 = 100 shifted to 1938-39 = 100)

	1941-42	1942-43	1943-44
IMPORTS			
Quantum	74·2	37·6	39·9
Increase or decrease per cent.	*— 8·7*	*—49·3*	*+ 6·1*
Price level	153·4	192·9	195·5
Increase or decrease per cent.	*+21·1*	*+25·7*	*+ 1·3*
EXPORTS			
Quantum	93·7	62·4	53·8
Increase or decrease per cent.	*+ 6·4*	*—33·3*	*—13·8*
Price level	155·9	184·6	227·4
Increase or decrease per cent.	*+19·6*	*+18·4*	*+23·2*

As the price level of imports remained practically unaltered, the rise in the value of imports was accompanied by an increase of 6.1 per cent. in their quantum, which had been showing a continuous decline since 1940-41. On the other hand, in respect of exports, the quantum further declined by 13.8 per cent. and was about half of the 1938-39 level. Export prices with a maximum wartime increase of 23.2 per cent. rose to more than two and a quarter times the pre-war level.

16. *Direction of Trade.*—The following table shows the more important changes in the direction of India's trade and the balance of trade with important countries and groups for the three years 1941-42 to 1943-44 and compares them with the pre-war year 1938-39 :—

(In lakhs of rupees)

	1938-39			1941-42			1942-43			1943-44		
	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)
I. *British Empire.*												
1. United Kingdom	46,49	55,51	+ 9,02	36,59	76,85	+40,26	29,56	57,32	+27,76	29,80	60,19	+30,39
Percentage ..	*30·5*	*34·1*	..	*21·1*	*32·3*	..	*26·8*	*30·5*	..	*25·1*	*30·2*	..
2. Burma ..	24,35	10,03	— 14,32	29,47	11,74	—17,73	1,44	..	— 1,44	2	..	— 2
3. Ceylon	1,18	5,09	+ 3,91	3,41	9,76	+ 6,35	4,37	14,43	+10,06	3,51	14,36	+10,85
4. Australia ..	2,41	2,97	+ 56	4,95	12,32	+ 7,37	3,22	16,08	+12,86	4,92	13,31	+ 8,39
5. Canada.. ..	91	2,14	+ 1,23	6,73	6,47	— 26	5,53	3,78	— 1,75	2,52	4,93	+ 2,41
6. South Africa ..	35	1,49	+ 1,14	1,24	5,88	+ 4,64	2,25	10,51	+ 8,26	2,59	9,90	+ 7,31
7. Other countries.	12,87	8,14	— 4,73	23,24	25,93	+ 2,69	14,89	23,69	+ 8,80	13,65	25,82	+12,17
Total British Empire	88,56	85,37	— 3,19	1,05,63	1,48,95	+43,32	61,26	1,25,81	+64,55	57,01	1,28,51	+71,50
Percentage to Total Trade	*58·1*	*52·4*	..	*61.0*	*62.7*	..	*55·5*	*67·1*	..	*48·0*	*64·5*	..
II. *Foreign Countries.*												
1. United States ..	9,78	13,88	+ 4,10	34,61	46,59	+ 11,98	19,12	27,80	+ 8,68	18,39	40,28	+21,89
Percentage ..	*6·4*	*8·5*	..	*20·0*	*19·5*	..	*17·3*	*14·8*	..	*15·5*	*20·2*	..
2. Japan	15,41	14,59	— 82	11,78	4,59	— 7,19	3	..	— 3	..	..	..
3. Egypt	2,19	1,23	— 96	4,69	5,98	+ 1,29	8,12	3,68	— 4,44	11,19	2,98	— 8,21
4. Iran	3,49	78	— 2,71	6,04	1,34	— 4,70	17,75	4,27	—13,48	27,56	1,72	—25,84
5. Other Foreign Countries ..	36,39	47,72	+ 11,33	16,56	31,47	+ 14,91	4,17	26,07	+21,90	4,70	25,71	+21,01
Total Foreign Countries ..	63,77	77,42	+ 13,65	67,64	88,63	+ 20,99	49,19	61,82	+12,63	61,84	70,69	+ 8,85
Total Trade ..	**1,52,33**	**1,62,79**	**+ 10,46**	**1,73,27**	**2,37,58**	**+ 64,31**	**1,10,45**	**1,87,63**	**+ 77,18**	**1,18,85**	**1,99,20**	**+80,35**

The total trade between India and other countries of the British Empire was maintained at the level of the previous year but owing to lower imports and higher exports, the positive balance of trade in merchandise reached a new high level of Rs. 71·50 crores. The total trade between India and the United States on the other hand rose by 25 per cent., the increase being entirely due to a rise in exports, the level of imports remaining approximately the same. While this increase in exports without a corresponding rise in imports must in part be accounted for by the rise in rupee prices at a time when the prices of imported goods remained comparatively stable, it is probably also due to the fact that a considerable portion of cargoes arriving in India from the United States consist of war materials and goods supplied on lend-lease terms for which no payment is made and which are therefore excluded from the balance of trade. There is thus more freight space available for commercial exports than for commercial imports. It should be remembered that as a proportion of lend-lease goods is released for civilian consumption, the total value of goods imported from the United States for actual commercial use is greater than that given in the table which only gives the value of imports on private account for which payment is actually made by India. The noticeable increase in India's imports from Iran and Egypt is due to larger purchases of petroleum products and raw cotton respectively.

17. *Composition of Trade.*—The following table shows the changes in the composition of India's imports and exports according to the main commodity groups during the last three years and compares them with the pre-war year 1938-39. Although the exclusion of trade on Government account detracts from the value of these figures, they serve as a comparative guide to the distribution of trade over constituent categories :—

	1938-39		1941-42		1942-43		1943-44	
	Rs. crores	*Percentage*	Rs. crores	*Percentage*	Rs. crores	*Percentage*	Rs. crores	*Percentage*
				IMPORTS				
Food	24·00	*15·7*	27·84	*16·1*	7·62	*6·9*	8·13	*6·8*
Raw Materials ..	33·18	*21·7*	50·05	*28·9*	51·95	*47·0*	63·94	*53·8*
Manufactured Articles	92·79	*60·8*	93·65	*54·1*	49·52	*44·8*	45·12	*38·0*
				EXPORTS				
Food	39·43	*23·3*	60·44	*23·9*	48·61	*25·0*	48·14	*22·9*
Raw Materials ..	76·28	*45·1*	73·04	*28·9*	45·21	*23·2*	53·72	*25·6*
Manufactured Articles	50·72	*30·0*	115·08	*45·5*	98·33	*50·5*	105·89	*50·4*

In the year under review, the value of imports of raw materials continued to increase while manufactured articles again decreased. Exports of both raw materials and manufactured articles registered increases. The category 'Food' includes 'drink and tobacco', and both imports and exports under this head remained at practically the same level as in the previous year. The large imports of wheat made to meet the food shortage in the country were on Government account and

are not shown. With regard to exports under 'Food' the increase in the value of tea shipments more than compensated for the reduction in grains and pulses, as can be seen from the table in paragraph 18.

18. *Imports and Exports.*—The table below shows changes in the value of important commodities entering into the foreign sea-borne trade of India during the last three years and compares them with the pre-war year 1938-39 :—

(In lakhs of rupees)

	1938-39	1941-42	1942-43	1943-44	Increase (+) or decrease (−) over 1942-43
IMPORTS					
Grain, pulse and flour	13,76	15,02	31	1,48	+ 117
Sugar	46	1,08	2	—	— 2
Oils, vegetable, mineral and animal	15,62	21,85	27,79	36,33	+ 854
Cotton, raw and waste	8,51	15,34	15,42	17,53	+ 211
Wool, raw	62	2,77	2,95	4,02	+ 107
Chemicals, drugs and medicines .	5,62	8,73	6,38	7,26	+ 88
Dyes and colours	4,06	6,96	5,43	8,38	+ 295
Machinery	19,72	13,73	10,53	11,39	+ 86
Cotton yarns and manufactures .	14,15	6,79	1,36	1,34	— 2
EXPORTS (including re-exports)					
Grain, pulse and flour	7,80	10,70	7,10	2,31	— 479
Tea	23,29	39,60	31,71	37,68	+ 597
Oils, vegetable, mineral and animal	1,06	2,68	1,44	84	— 60
Seeds	15,10	10,57	10,52	11,16	+ 64
Cotton, raw and waste	24,82	17,90	5,59	7,49	+ 190
Jute	13,40	10,42	9,02	8,32	— 70
Hides and skins, raw, tanned or dressed and leather ..	11,32	16,91	9,26	14,08	+ 482
Metals	2,07	4,23	1,90	1,74	— 16
Cotton yarns and manufactures .	7,57	38,00	46,96	42,60	— 436
Jute manufactures	26,26	53,90	36,41	49,46	+ 13,05

The decrease in the value of exports of 'Grain, pulse and flour' is due to the virtual prohibition of exports of foodstuffs since July 1943. The export of 'Cotton yarns and manufactures' was also restricted in view of the acute shortage of cotton textiles in India. There were increased imports under 'Cotton, raw and waste' following the establishment of a special purchasing mission in Egypt to secure supplies of long staple cotton needed to meet the increasing requirements of Indian mills. The substantial increase under 'Oils, mineral and vegetable' is due to the large quantities of petroleum products imported for war purposes.

III. BULLION

19. *Production of Gold.*—The estimated world production of gold during 1943 is placed at 29·6 million ounces, the comparable figure for 1942 being 35·8 million ounces; there was thus a decline of 17 per cent. in 1943. The continued decline in output is mainly attributable to the diversion of manpower, plant and other resources from the production of gold to other war purposes. In the United States owing to the large stocks of gold already held, the production of further gold was of little direct benefit to the war effort, while the introduction of lend-lease no longer made it essential for the British Empire countries to produce gold to capacity as a means of paying for supplies from the United States. The following table shows the trends in wartime production of gold in the principal producing countries, including those of the British Commonwealth :—

(In thousand ounces)

	1939	1940	1941	1942	1943
I. British Empire	22,471	24,053	24,200	22,550	19,150
(a) Union of S. Africa.. ..	12,822	14,047	14,386	14,121	12,800
(b) Canada	5,094	5,311	5,345	4,841	3,650
(c) Australia	1,646	1,644	1,503	1,164	750
(d) New Zealand	179	186	186	180	150
(e) India	317	289	286	260	252
II. United States	4,621	4,863	4,832	3,619	1,350
III. All countries	39,038	40,810	40,100*	35,800*	29,600*
PERCENTAGE SHARE OF WORLD PRODUCTION :					
British Empire	*57·6*	*58·9*	*60·3*	*63·0*	*64·7*
South Africa	*32·8*	*34·4*	*35·9*	*39·4*	*43·2*

* The production figures of the U.S.S.R. and certain enemy countries have not been available since 1940 and their production in subsequent years has been estimated on 1940 figures.

Production has been drastically curtailed in the United States where it fell during 1943 by 62·7 per cent. as compared with the previous year and by 72·2 per cent. as compared with the peak production of 1940. It is now the lowest since 1848, when gold was first discovered in California and 483,750 ounces were produced. South African output during the year registered a further drop of 9·4 per cent. despite the Union Government's efforts to maintain a high level of production.

The estimated output of gold in India in 1943 amounted to 252,262 ounces valued at Rs.5,02,57,880 as compared with 260,302 ounces valued at Rs. 3,76,83,442 in 1942. The output decreased but its value showed a large increase owing to the high prices ruling during the year. The production of gold in India during the ten years ended 1943 aggregated 3,039,000 ounces or one per cent. of the total world production (excluding the U.S.S.R.) of 313,142,000 ounces during the same period.

The upward trend in the United States' stock of gold was arrested towards the end of 1942 when a downward trend commenced. This continued throughout the year 1943 at the end of which the stock stood at $21,938 million showing a decline of 3·5 per cent. on the previous year. Gold held under earmark at the Federal Reserve Bank for foreign account, however, stood higher at $3,477·4 million at the end of December 1943 as compared with $2,673·8 million a year before.

The following table, based on the estimates compiled by the Bank for International Settlements, gives an idea of the position of the monetary stocks of gold in certain countries at the end of 1913, 1929, 1938, 1942 and 1943.

(In millions of fine ozs.)

	Monetary stocks of gold					
	1913	1929	1938	1942	1943	
United States	62·4	207·2	414·6	649·3	626·8	
United Kingdom	8·2	34·8	76·9	....	....	
France	32·9	78·9	69·4	57·1	57·1	(Oct.)
Switzerland	1·6	7·3	20·0	23·5	27·5	
India	6·0	6·2	7·8	7·8	7·8	
South Africa	1·7	3·1	6·3	18·1	20·2	

Between 1938 and 1942 increases occurred in the monetary stocks of gold in Mexico, Belgium, Roumania and Turkey, while in South American countries holdings increased by 10·23 million ounces. This redistribution of gold is due to its increasing use by certain belligerent countries as a means of international payment. The United States Government have granted licences to convert certain frozen dollars into gold and have made special arrangements with a few Latin American countries to convert into gold their dollar holdings arising from favourable trade balances. Reports also indicate that Germany has been obliged to make some payments in gold to satellite countries in view of their growing reluctance to accept further credits in their clearing accounts at the Reichsbank. Further, the United States and British Governments have financed a part of their war expenditure in Iran, Egypt and India by shipments of gold which have been mainly utilised for sales to the public in these countries with a view to combating the inflationary positions there. The United States has also supplied gold to China, and the Chinese Government have been effecting sales to the public as a means of absorbing purchasing power and stabilising the monetary position.

20. *Price of Gold.*—The table below shows the highest, lowest and average prices of gold in London, New York and Bombay for each of the years since 1938-39.

Year	Price of Gold in London (per fine ounce)			Price of Gold in New York (per fine ounce)			Price of Gold in Bombay (per tola)		
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average
	£ s. d.	£ s. d.	£ s. d.	$	$	$	Rs. a. p.	Rs. a. p.	Rs. a. p.
1938–39 ..	7 10 5	6 19 3½	7 4 3	35	35	35	37 10 6	34 12 3	35 10 3
1939–40 ..	8 8 0	7 8 4	7 18 4	35	35	35	43 8 0	36 9 0	39 13 11
1940–41 ..	8 8 0	8 8 0	8 8 0	35	35	35	48 8 0	40 2 6	42 6 0
1941–42 ..	8 8 0	8 8 0	8 8 0	35	35	35	57 12 0	41 9 6	44 7 11
1942–43 ..	8 8 0	8 8 0	8 8 0	35	35	35	72 0 0	44 12 0	57 10 10
1943–44 ..	8 8 0	8 8 0	8 8 0	35	35	35	96 4 0	65 4 0	76 11 6

The prices of gold in the United Kingdom and in the United States remained unchanged at 168 sh. (with sovereigns at 39 sh. 3d.) and $ 35 per fine ounce respectively. In India, the price of gold touched a new high level of Rs.96-4-0 per tola or £19-5-0 per fine ounce on the 26th April 1943; thereafter, a reaction set in following the introduction of measures designed to limit speculation, and, later in the year, as a result of official sales of gold, prices steadied at levels around Rs.71 per tola. While

prices of bullion in the London and New York markets continued to be controlled, India remained a relatively free market but isolated from outside influences by wartime restrictions on the imports and exports of gold.

Statement V shows the highest, lowest and average prices of bar gold, both spot and forward, and of sovereigns as well as the estimated average stocks of gold in the Bombay market for each month of the year under review. Statement VI gives weekly movements of prices and stocks in Bombay during the year in regard to both gold and silver. The bullish sentiment which was in evidence during the latter part of 1942-43 continued to dominate the bullion market during the earlier part of the year and as a result of intensified demand, partly induced by the inflation complex, and in the face of dwindling stocks of gold and silver, prices of both metals reached new high levels during the year. In the middle of May the ready price of gold declined sharply, following the prohibition on forward and option trading by the Bullion Exchange. The prohibition was confirmed by the issue by the Government of India of Defence of India Rule 90C making all forward and option dealing in bullion illegal. As the market settled down to the new conditions, the price rose from Rs.74-14-0 to which it had fallen on the 27th May to over Rs.80, at which level it remained, though subject to considerable fluctuation during June. The issue by Government on the 17th July of the Defence of India Rule 94B, under which they took powers to prohibit advances against commodities and bullion, led to a collapse in price, the lowest level of the year at Rs.65-4-0 being recorded on the 19th and 20th July. The price recovered to Rs.76-12-0 on the 5th August, but the commencement of sales of gold by the Reserve Bank on the 16th August brought the price down to just over Rs.70. These sales of gold were made on behalf of the British and United States Governments as a means of meeting part of their war expenditure in India, and were useful in absorbing surplus purchasing power and thereby combating inflation. At first, sales were confined to Bombay and were only made to recognised bullion dealers, but in the middle of February 1944 sales of small bars at a slight premium over the Bombay rate were made at Calcutta, Madras, Lahore and other centres. These official sales had a stabilising effect and although the price of gold moved up throughout October to Rs.79-2-0 in sympathy with the rise in silver, continued official offerings at successively reduced prices throughout November and December brought the rate down to the neighbourhood of Rs.71 by the middle of the latter month, at which level it remained until the last week of March 1944. The news of the Japanese attack on Imphal led to a keen demand for gold, and, on the 27th March, the market price rose above the Reserve Bank selling rate, reaching Rs.80 on the 30th. The Bank thereupon stopped selling at fixed rates and on the 29th March commenced selling by tender, with the object of letting the market find its own level. By the 31st March the rate had fallen to Rs.73-12-0 as compared with Rs.71-6-0 at the end of the previous year.

The highest, lowest and annual average prices for gold and silver in the Bombay market for the years 1926-27 to 1943-44 are given in Statement IV. Until the outbreak of war, the prices of both metals remained approximately on world parity, although there were occasional and independent fluctuations due to local speculative movements. Up to September 1931, when the United Kingdom went off the gold standard, the gold parity in Bombay was an import parity, *i.e.*, the price in Bombay was the price in London plus the cost of importing gold. After that date until 1940-41 India was an exporter of gold and the prices were based on the export parity, *i.e.*, the price of gold in London (or New York) less the cost of sending it to

these places. In the case of silver, movements in local prices were also affected by the reimposition of the import duty in 1930 and by subsequent alterations in the rate of duty. The price of silver on the whole remained on an import parity basis, subject to speculative fluctuations, although there were a few instances of exports during 1932-35. These exports, other than those on Government account, were limited to silver which had previously been imported and on which a refund of import duty could be obtained.

21. *Assaying and Refining of Gold.*—The quantity of gold received from the public for melting and assaying at the Bombay and Calcutta Mints declined during the year to 1,148,117 tolas and 51,916 tolas respectively from 2,436,817 and 105,969 tolas in 1942–43. The quantity of raw gold received for refining at the Bombay Mint was higher at 941,673 tolas as compared with 866,668 tolas in 1942-43.

22. *Production of silver.*—No accurate estimates are available about the production of silver for the year 1943. The output in the four principal producing countries, *viz.*, Mexico, the United States, Canada and Peru is estimated at 166 million ounces in 1943. In the previous year these four countries accounted for 173·2 million ounces or 70 per cent. of the estimated world production of 248 million ounces. Production in Mexico at 87 million ounces in 1943 showed a rise of 8 per cent.; as against this the output in the United States at 44·5 million ounces and in Canada at 18·5 million ounces registered declines of 18 per cent. and 16 per cent. respectively; the Peruvian output remained unchanged. The total purchases of silver by the United States Government in 1943 amounted to only 5·8 million ounces as against 63·4 million ounces in 1942 and for the first time since the inauguration of the silver purchase programme by the Treasury in 1934, the United States Government holdings showed a decline, stocks at the end of 1943 being 3,274 million ounces as against 3,339 million ounces at the end of 1942. The production of silver in India in 1943 is placed at 20,863 ounces valued at Rs.58,527 as compared with 20,098 ounces of the value of Rs.48,451 in the preceding year.

23. *Price of silver.*—In the table below are given the highest, lowest and average prices in Bombay, London and New York during the six years to 1943-44.

Year	Price in Bombay (per 100 tolas gross)			Price in London (per standard ounce)			Price in New York (per fine ounce)		
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average
	Rs. a. p.	Rs. a. p.	Rs. a. p.	d.	d.	d.	Cents	Cents	Cents
1938–39 ..	53 1 6	48 2 0	51 11 3	21⅛	18-9/16	19-9/16	42¾	42¼	42¼
1939–40 ..	66 4 0	44 7 6	55 4 9	23⅛	16-1/16	20-13/16	42¾	34¾	37-1/16
1940–41 ..	64 13 0	62 11 0	62 8 0	23⅛	20-1/8	22-13/16	35-5/8	34¾	34¾
1941–42 ..	97 6 0	61 12 6	66 11 4	23⅛	23-5/16	23-7/16	35-1/8	34¾	34-7/8
1942–43 ..	116 8 0	75 4 0	94 2 6	23⅛	23-7/16	23½	44¾	35-1/8	40¾
1943–44 ..	141 8 0	101 8 0	120 7 11	23⅛	23½	23½	44¾	44¾	44¾

The London silver market continued to be featureless during the year, and the prices for spot and two months' delivery remained unchanged at 23½d. per standard ounce, rates which had been ruling since the 3rd April 1942. The United Kingdom received 3,075,000 ounces of silver from the United States on lend-lease and 1,925,000 ounces from Canada in July 1943. It is probable that further supplies were received subsequently. It is also reported that the country's stocks were replenished by imports from Australia and other sources. The restrictions on the non-essential consumption of silver continued and the industrial demand connected with the war

effort was met from official stocks. Imports and exports on private account have been prohibited.

In the United States the outstanding development during the year was the passing of the Green Act in July 1943. This Act changed the legal position of silver held by the United States Treasury, as it made such silver available for sale or loan on certain conditions. It empowered the Administration to lease for a period not extending beyond six months after the termination of the war, any silver held or owned by the United States Treasury, and to sell silver to the United States war industries provided that the amount of silver under the ownership and control of the Treasury within the United States should at no time fall below the face value of the outstanding silver certificates. As a consequence, the actual physical possession of silver by the Treasury is no longer necessary provided control is maintained, and silver leased within the United States for non-consumable purposes can now be treated as a backing for the note issue. This, obviously, increases considerably the volume of silver the Treasury can make available to industry and to the Allied Nations. Until the passing of this Act a shortage of silver seemed likely to occur as the domestic production was insufficient to meet industrial and coinage demands. In the first eleven months of 1943, 40·9 million ounces were lend-leased representing direct transactions between the United States and other Governments while 17·2 million ounces were sold to industry under the Green Act. Consumption in arts and industry in the United States attained a new record level in 1943 at 125 million ounces, which is more than four and one-half times the average annual consumption for the five-year period ending 1940. The Treasury's purchasing price for foreign silver remained unchanged during the year at 45 cents per fine ounce and the New York official market price stood at 44¾ cents. The price for newly mined domestic silver also remained unchanged at 71·11 cents per fine ounce, at which rate silver is released under the Green Act.

The price of silver in the Bombay market remained well above the import parity of both London and New York during the year. No official sales of silver took place. During April and the first half of May 1943 a strong speculative demand forced the price up, and on the 22nd April, it rose to Rs. 126 which was Rs. 4 above the highest level reached during the last war. On the 3rd May, the ready price rose still further to Rs.139. With the introduction of restrictions on forward trading in the second half of May, the price of silver fell along with that of gold. A recovery at the beginning of June to Rs.130 was followed by a sharp fall in July to Rs.101-8-0 as a result of panic selling due to fears of the Government placing an embargo on silver loans. This proved to be the lowest price of the year. An upward trend was noticeable in September and, afterwards the market remained firm as a result of a persistent investment demand accompanied by a shortage of stocks. The price moved up still further in February, in spite of the price of gold remaining stable. At the end of the year the news of the Japanese movements on the borders of Assam led to a sharp rise, the price reaching Rs.141-8-0, the highest of the year, on the 29th March (vide Statement VII).

24. *Assaying and Refining of Silver.*—The quantity of silver received from the public for melting and assaying amounted during the year to 1,407,968 tolas in the Bombay Mint and 255,807 tolas in the Calcutta Mint as compared with 7,256,269 tolas and 2,324,966 tolas respectively in 1942-43. The quantity received for refining at the Bombay Mint increased to 10,834,938 tolas from 7,950,853 tolas in the preceding year.

IV. FOREIGN EXCHANGE AND EXCHANGE CONTROL

25. *Purchases of Sterling and Remittances.*—Statement VIII shows the net purchases of sterling by the Reserve Bank of India month by month during 1943-44. Owing to a further improvement in the balance of trade resulting from a larger increase in exports the net purchases of sterling by the Reserve Bank of India reached a new high level at £105·3 million as compared with the previous year's record figure of £91·7 million. The monthly purchases were more evenly distributed in 1943-44 than in 1942-43 and amounted to £48·20 million in the first half of the year as against £57·11 million in the second half, the corresponding figures for the previous year being £28·09 million and £63·58 million. As usual, the maximum quarterly purchases were in the last quarter and the highest monthly acquisition during the year was £14·39 million in March 1944. The rate of purchase continued to be 1s. 6d. at which level it has remained unchanged since January 1940. The total net amount of sterling purchases by the Bank from the 1st September 1939 to the end of 1943-44 aggregated £392·1 million. During the year the Bank sold sterling amounting to £3,312,683 as compared with £3,958,389 during 1942-43. To the net purchases of sterling made in India by the Bank, should be added payments in sterling amounting to £274 million received from His Majesty's Government during 1943-44 as against £233 million in 1942-43 and £151 million in 1941-42. The sterling acquisitions by the Bank would have been larger but for the imports of gold on official account during the year under review in part payment of the Allied war expenditure in the country.

The total sterling holdings of the Bank at the end of March 1944 stood at £709 million or Rs.945 crores as against £383 million or Rs.511 crores at the end of March 1943, and £48 million or Rs. 64 crores at the end of August 1939. In the table below are given the sources of the supply of sterling to the Reserve Bank of India and its disposal from the beginning of the war to the end of 1943-44.

(In crores of rupees)

Sources	Sept. 1939 to March 1940	1940–41	1941–42	1942–43	1943–44
1. Sterling assets held by the Reserve Bank at end of the previous period .	64	142	144	284	511
2. Sterling purchased by the Reserve Bank	86	76	98	122	140
3. Sterling payments by His Majesty's Government	16	43	201	310	365
Total amount of sterling available for disposal and disposed	**166**	**261**	**443**	**716**	**1,016**
Disposal					
4. Sterling amounts utilised for repatriation schemes	22	89	110	160	16
5. Other sterling commitments (derived figure)	2	28	49	45	55
6. Sterling holdings of the Reserve Bank at end of the period	142	144	284	511	945
	166	261	443	716	1,016

26. *Exchange.*—The sterling exchange market continued to be featureles throughout the year, banks' quotations for ready Telegraphic Transfers for mer chant business remaining unchanged at 1s. $5\frac{31}{32}$d. selling and 1s. $6\frac{1}{32}$d. buying. For inter-bank business, however, the quotations of sellers of spot Telegraphic Transfers on London ranged between 1s. $5\frac{63}{64}$d. to just under 1s. 6d., while buyers were usually to be found at a shade under 1s. 6d. In the New York market the sterling-dollar rate remained unaltered at $4·03.

The London—New York cross rates, as also the rates for T.T. on New York in Bombay remained unchanged during 1943-44.

27. *Developments in Exchange Control.*—Remittances of foreign exchange continued to be restricted during the course of the year, although owing to the reduction in the U.S. dollar requirements of the sterling area owing to large quantities of materials being supplied by the United States under lend-lease procedure the U.S. dollar position became easier. As a consequence it was found possible to relax to a certain extent the restrictions on remittances of U.S. dollars. The remittance of profits by American firms was allowed in full, and the amounts which had been blocked on account of infringements of the Import Trade Control Regulations were released. A more liberal policy was also adopted towards applications from United States nationals retiring from the country for the transfer of their savings. In general, the policy was to allow remittances in cases where a refusal would merely result in the creation of a deferred U.S. dollar liability. British subjects, who were permanently resident outside the sterling area before the war, and had previously only been permitted to receive a proportion of their income, were now allowed to receive it in full, as in any case transfer would eventually have to be allowed. Restrictions on remittances in certain other currencies were also relaxed, although the exchange position in respect of Switzerland, the Argentine and Canada remained difficult.

28. *Import of Currency Notes.*—On the 15th January 1944, the Government of India issued a notification prohibiting the bringing into British India across any of the Customs frontiers lying to the east of India or to the north of Assam of any currency notes or bank notes which were legal tender in British India except with the permission of the Central Government or the Reserve Bank of India. The previous notifications restricting the import of notes into British India did not cover currency notes which were legal tender in this country and this further prohibition was introduced in order to control the import of British Indian notes emanating from enemy sources. The duty of licensing such imports devolved on the officers of the Central Government in charge of frontier Customs posts.

29. *Export Control.*—The regulations requiring exporters to make a declaration at the time of shipment that they would receive payment for their goods in a manner and within a time approved by the Reserve Bank continued unchanged. The system worked smoothly as the general public had now become fully acquainted with the control requirements. Certain new measures had however to be introduced to strengthen the Export Licensing system. The Export Trade Controller, who is responsible for licensing the actual export of goods, found that licences issued by him were sold by holders at large premiums owing to the considerable profits to be made out of exports, particularly to countries in the Middle East, and as a result goods were at times shipped by persons other than the holders of the licences to parties other than the consignees named therein. In order to put a stop

to this practice, authorised dealers in foreign exchange were instructed that they should not accept any bills of exchange or shipping documents for negotiation or collection unless the name of the consignee and the name of the shipper agreed with the names on the export licence which had to be attached to the documents handed over to the bank. This new regulation effectively prevented the resale of export licences.

30. *Methods of Export Finance.*—Three graphs are given on page 34 showing the different methods used to finance exports to countries outside the sterling area governed by the Export Trade Control Regulations. The graphs are on a percentage basis.

Graph I.—This represents shipments made to Hard Currency countries which in effect means shipments to the United States only as there were practically no exports to Switzerland. The bulk of this business continued to be financed in U. S. dollars.

Graph II.—This covers shipments to countries other than the United States and Switzerland, and comprises those with which special payment agreements are in operation, and Canada and Newfoundland. As under special payment agreements, payments to the sterling area have to be made in special account sterling the bulk of the business is financed by means of sterling bills on London. Method No. 1 (bills drawn in the currency of the country of destination) represents business with Canada financed in Canadian dollars. The rupee business shown consists mainly of shipments to Portuguese East Africa, although a small proportion of the export trade with Canada is also financed in rupees.

Graph III.—This is a combination of the two previous graphs and represents the percentage of different methods of finance for shipments to all countries. The rather pronounced monthly variations between the two chief methods, bills drawn in the currency of the country of destination of the goods and sterling bills on London are caused by variations in the amount of freight available to particular countries from month to month and are not due to exporters altering their methods of finance. In a month when shipments to the United States exceed those to other foreign countries, the proportion of goods financed by bills drawn on the country of destination is much higher than in a month when the bulk of shipments are to South American countries, payment for which must be made in sterling.

31. *French Overseas Empire.*—In August 1943, the Trading with the Enemy restrictions were lifted from French North and West Africa and remittances to these places were permitted provided that the transfers were effected through the medium of sterling accounts in London of banks in French North and West Africa. The rate of exchange fixed for French North and West Africa was 200⅛ francs to the £ as compared to the rate of 176⅝ francs per £ ruling for those parts of the French Overseas Empire which were within the sterling area.

In February 1944, a new financial agreement was entered into between the British Government and the French Committee of National Liberation in Algiers under which the entire French Overseas Empire not under enemy occupation became a single monetary area. The Reserve Bank of India issued a notification under the Defence of India Rule 92A 1(i) excluding from the sterling area those French territories which had declared for General De Gaulle and had previously been included therein. All transactions with the French Overseas Empire were in future subject

METHODS OF EXPORT FINANCE

ON PERCENTAGE BASIS

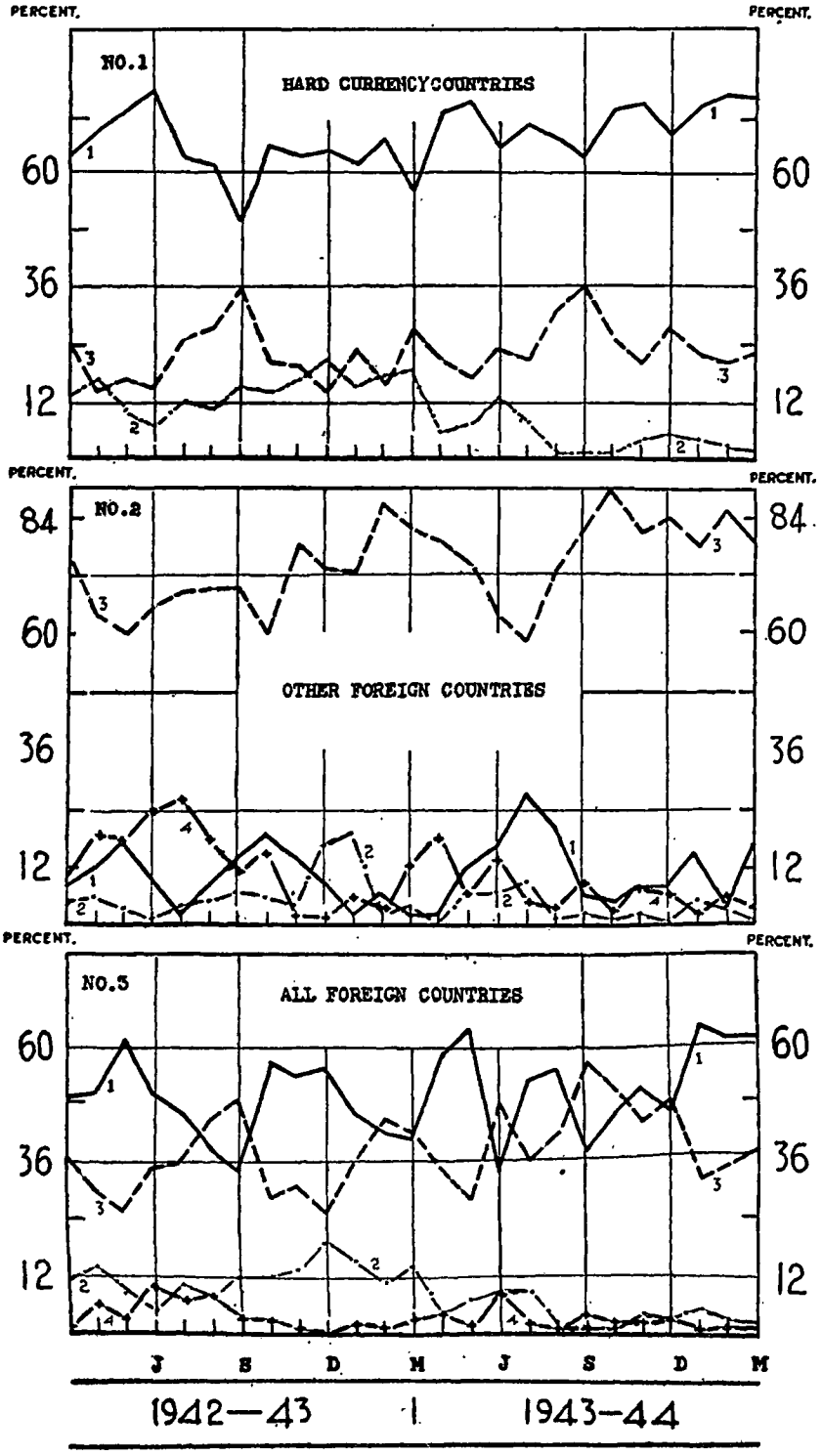
1 ——— 1 BILLS DRAWN OR REMITTANCES RECEIVED IN CURRENCY OF COUNTRY OF DESTINATION

2 ·-·-·-2 BILLS DRAWN OR REMITTANCES RECEIVED IN RUPEES

3 – – – 3 BILLS DRAWN IN STERLING ON LONDON

4 ←·+·→4 BILLS DRAWN IN STERLING ON THE COUNTRY OF DESTINATION

PERCENTAGE OF EXPORTS TO TOTAL EXPORTS



to the same conditions as transactions with any other special sterling account country. The rate of exchange for all French Overseas Empire francs was fixed at 200⅛ per £ buying and 199⅞ selling, and the previous rate of 176⅝ for certain territories was abolished.

The French Establishments in India were also excluded from the sterling area. In view of the lack of exchange banking facilities there, it was decided that banks in British India might continue to sell foreign exchange to residents in French India on the same terms and conditions as they were selling exchange to residents in British India. Similarly the rupee accounts of residents in French India with banks in British India were treated as resident and no restrictions were placed on transfers between British and French India. The Customs Union between the two countries which came into operation in February 1941 was not terminated and imports into French India continued to be licensed by British Indian Import Trade Controllers, while the foreign exchange proceeds of exports passed to banks in British India.

32. *Chinese Exchange.*—The Exchange Control regulations limiting transactions with China to payments through the medium of the rupee accounts of approved banks continued. At the beginning of December 1943 the Chinese Government dissolved the Chinese Stabilisation Board which had been established to control foreign exchange in China and which contained British and American representatives. Its duties were, however, taken over by the Foreign Exchange Commission, a Chinese Government body, and the regulations governing transactions with China remained unchanged. Prices in China continued to rise, and the rate for the Chinese dollar in the black market depreciated heavily, although the official rate remained the same. In view of this rise in the cost of living in China and the difficulties experienced both by foreign nationals resident there, and Chinese families who were dependent for their support on remittances received from abroad, the Chinese Government granted a subsidy over the official rates from the 1st January 1944 of 50 per cent. which three weeks later was increased to 100 per cent. This applied to transfers for account of Embassy staffs and missionaries and also to remittances by Chinese resident overseas for the support of their families in China. Ordinary business remittances still had to be made at the official rates.

33. *Restrictions on Travel.*—Restrictions on travel to places outside the sterling area involving disbursements of foreign exchange remained unaltered. British subjects were not given facilities to purchase foreign exchange to enable them to travel on foreign steamships or to reside outside the sterling area, unless they were travelling on official business or for business purposes which had been approved by the Government of India or for reasons of health. It was found, however, that in spite of the restrictions on the sale of steamship passages certain persons were able to leave the country by entering into arrangements with friends in foreign countries whereby the latter supplied the necessary foreign exchange for payment of passages and their support, repayment to be made after the war. This practice resulted in the creation of post-war foreign exchange liabilities and was contrary to the principles of the Indian Exchange Control. To prevent unauthorised journeys taking place the Government of India issued on the 17th of July 1943 a notification under sub-rule (1) of Defence of India Rule 25 prohibiting any British subject or any subject of an Indian State from proceeding outside India except under

the authority of a written permit issued by the Reserve Bank of India. This restriction did not apply to persons proceeding to countries adjoining India, Iraq, Arabia, British East Africa or the United Kingdom. These permits were known as Exit Finance Permits.

Exit Finance Permits were issued freely to persons proceeding to South Africa, Australia or New Zealand, provided that they were able to satisfy the Reserve Bank of India that they did not intend proceeding from there to the United States or any other country outside the sterling area. Permits to proceed to the United States or other foreign countries were only granted provided the journey of the applicant was for an approved purpose, proper arrangements had been made for supplies of foreign exchange for his or her support while abroad, and there was no question of the journey involving a further payment of foreign currency by India at a later date.

34. *U. S. Dollar Securities.*—A notification vesting the holdings of certain U. S. dollar securities of residents in British India was issued by the Government of India on the 10th March 1941. This order was a continuing one and, in addition to securities surrendered at the time the order was promulgated, all U.S. dollar securities in the notified list in the possession of persons arriving in India after the date of the original order, or held by persons who might have come into possession of them after March 1941, had to be surrendered. The number of securities tendered under this order after the expiry of two and a half years had become negligible, and the Government of India therefore issued a further notification on the 14th December 1943 declaring that their previous vesting order would cease to have effect from the 31st December 1943. The order requiring British subjects resident in India to register their holdings of U. S. dollar securities with the Reserve Bank of India was unaffected by this notification, and the surrender of U. S. dollar balances by residents in India, other than those specifically exempted, also remained obligatory.

V. PUBLIC FINANCE

35. *General.*—The financial problems with which the Government of India have been faced during the war years have been similar to those experienced by Governments in other belligerent countries and as a consequence their financial technique has tended to develop on the same general lines as in the United Kingdom, the United States and Germany. The dominating factor in all countries taking an active part in the war has been the rapidly expanding level of expenditure on military services and supplies. This has led to enormous increases in disbursements on official account, the inflationary effects of which on internal prices are likely to prove disastrous to a country's economy unless held in check. Consequently, all Governments have adopted vigorous policies of increased taxation, both direct and indirect, and extended borrowing, to re-absorb the surplus money in the hands of the public. Taxation and borrowing have been made to serve the dual purpose of bringing in additional funds to finance the war, and of acting as an instrument for countering inflation. With levels of taxation reaching their limits in the past year, Governments have been obliged to turn more and more to public borrowing, both long term and short term, to meet their requirements. A noteworthy feature has been the general concentration on the problem of tapping small savings arising from

he larger earnings of industrial workers in the more advanced western countries and from the increase in rural incomes as in India. In the past year, with the end of the war in sight, the budgetary policies of the Governments of the United Nations have also been directed towards adjusting and broadening the basis of Government finance to fit in with the requirements of the post-war period.

In India, the total defence expenditure brought to account since 1939-40 amounts to Rs.2,509 crores including Rs.744 crores budgeted for 1944-45. Of this, the war expenditure recoverable from His Majesty's Government represents Rs.1,413 crores or 56·3 per cent. There have been wartime budgetary deficits on revenue account amounting to Rs.223·82 crores during the period 1939-40 to 1943-44 but the deficits have been more than covered by borrowings from the public. As more than half of the total war expenditure has been incurred by His Majesty's Government and other Allied Governments, there is still a wide gap between official expenditure and the amounts re-absorbed by taxation and borrowings. This indicates clearly the need for continued investment in Government loans by all classes of the community in the interests of sound war financing and for the maintenance of a stable domestic economy.

A. BUDGETS.

CENTRAL GOVERNMENT:

36. *Finance Accounts, 1942-43.*—The year closed with revenue at Rs.176·88 crores and expenditure at Rs.289·05 crores as compared with the revised estimates of Rs.178·76 crores and Rs.273·42 crores respectively. The decline of Rs.1·88 crores in revenue was due to a fall of Rs.5·88 crores under Customs and Rs.2·64 crores under war risks insurance receipts, although it was offset to a large extent by an improvement of Rs.7·76 crores under taxes on income. The total increase of Rs.15·63 crores in expenditure occurred as a result of a rise of Rs.24·87 crores under defence counterbalanced by savings aggregating Rs.9·24 crores under civil estimates.

Tax revenue retained by the Centre increased from Rs.72·34 crores in 1938-39 to Rs.123·57 crores in 1942-43, a rise of 71 per cent. Taxes on income including the provinces' share rose during the same period nearly five-fold from Rs.17·28 crores to Rs.85·76 crores. The actual budgetary deficit on revenue account in 1942-43 increased to Rs.112·17 crores and resulted in an addition to debt by that amount. Additions to the debt during the four years from 1939-40 on account of the budgetary deficits amounted to Rs.131·39 crores.

37. *Revised Estimates, 1943-44.*—Under prevailing war conditions both revenue and expenditure continued to expand during the year under review. There was an acceleration in the country's war effort which involved a further expansion of all the three arms of India's defence services. The setting up of the South East Asia Command, while not affecting India's liability for defence expenditure, resulted in substantial increases in the demands on the country's resources. Defence expenditure both on revenue and capital accounts rose to Rs.300·94 crores in the revised estimates for 1943-44 against Rs.199·66 crores originally budgeted and Rs.267·12 crores in the accounts for 1942-43; the war expenditure recoverable from His Majesty's Government, under the Financial Settlement of November 1939 also

increased to Rs.392·71 crores against Rs.325·48 crores in the previous year. Thus, the total outlay of Governmental money on defence services amounted to Rs. 693·65 crores as against Rs.592·60 crores in 1942-43.

The revised estimates for the year place receipts and expenditure on revenue account higher at Rs.254·50 crores and Rs.346·93 crores respectively compared with the budget estimates of Rs.219 crores and Rs.259·59 crores. The improvement of Rs.35·50 crores in revenue is more than neutralised by an increase of Rs.87·34 crores in expenditure, resulting in a revenue deficit of Rs.92·43 crores against the budget estimate of Rs.40·59 crores. On the revenue side, the estimated increase of Rs.35·50 crores in receipts (*vide* table in the following paragraph) is mainly accounted for by a rise of Rs.20·88 crores (from Rs.42·80 to Rs.63·68 crores) under Corporation Tax, Rs.15·12 crores (from Rs.59·20 to Rs. 74·32 crores) under Income Tax, Rs.4·94 crores under Currency and Mint, Rs.5·17 crores (from Rs.27·10 to Rs.32·27 crores) under Railways and Rs.1·02 crores under Posts and Telegraphs. Collections under Excess Profits Tax increased by Rs.22·25 crores to Rs.62·25 crores. Total taxes on income, including the provinces' share, further rose from Rs.102 crores in the budget estimates to Rs.138 crores in the revised estimates mainly owing to the speeding up of assessments. The figures do not include some of the collections by way of advance payments under the Excess Profits Tax Ordinance of May 1943, which are treated as deposits. The relatively large increase under Currency and Mint accrued mainly on account of a marked rise in the surplus profits of the Reserve Bank from Rs.3·24 crores to Rs. 7·50 crores. The only important head of revenue which showed a decline was Customs, the receipts from which were placed at Rs.25·94 crores against the original estimate of Rs.30 crores. Increases in revenue, particularly under taxes on income, were an indication of larger individual incomes and prosperous industrial conditions.

On the expenditure side, civil expenditure increased from Rs.76·78 crores provided for in the budget estimates to Rs.84·29 crores as a result of larger provisions for (*i*) financial assistance to Indian evacuees and the families in India of British subjects detained in enemy occupied territories, (*ii*) increased expenditure resulting from the intensification of the 'Grow More Food' campaign and (*iii*) dearness allowances to Government servants and meeting the cost of schemes for furnishing supplies of essential goods to them at concessional rates. The total financial assistance provided to the Provinces and States during 1943-44 to promote the 'Grow More Food' campaign amounted to Rs.249 lakhs made up of Rs.69½ lakhs in grants from Central revenue, Rs.15 lakhs in grants from the Cotton Fund and Rs.164½ lakhs as loans. The revised estimates also include provision for a grant up to Rs.3 crores by way of financial assistance to Bengal for famine relief. The defence expenditure on revenue account is estimated at Rs.262·64 crores against Rs.182·81 crores budgeted in addition to Rs.38·30 crores on capital account as against Rs.16·85 crores in the budget estimates. The large increase is due to a rise under War Measures (from Rs.127·01 to Rs.204·53 crores) mainly accounted for by the expansion of the air force, increased supplies and services rendered by India to the United States on reciprocal aid terms, and by the grant of improved amenities and better terms of service to Indian troops. As regards the capital portion of defence expenditure, as all the air fields and other operational facilities included in the 1943-44 programme were found necessary for purposes of local defence the revised estimates make provision for the whole of the capital expenditure on that account.

38. *Budget Estimates, 1944-45.*—The following table compares the budget estimates of revenue and expenditure for 1944-45 with the budget and revised estimates for 1943-44 and accounts for 1942-43 and the pre-war year 1938-39, gives an analysis of defence expenditure on both revenue and capital accounts and shows the war expenditure recoverable from the British Government :—

(In crores of rupees)

	1938-39 Accounts	1942-43 Accounts	1943-44 Budget	1943-44 Revised	1944-45 Budget
I. Revenue	84·52	176·88	219·00	254·50	308·47*
Tax Revenue (Retained by the Centre)	72·34	123·57	153·86	179·66	237·41
II. Expenditure	85·15	289·05	259·59	346·93	363·17
(a) Civil Estimates	38·97	74·43	76·78	84·29	86·56
(b) Defence Expenditure	46·18	214·62	182·81	262·64	276·61
(1) Basic Normal Budget	36·77	36·77	36·77	36·77	36·77
(2) Rise in prices	....	7·97	10·62	13·01	15·05
(3) War Measures (Net)	....	161·63	127·01	204·53	215·58
(4) Non-effective charges (Net)	....	8·26	8·41	8·33	9·21
III. Deficit on revenue account	—0·63	—112·17	—40·59	—92·43	—54·70
IV. Defence Expenditure on Capital Account	....	52·50	16·85	38·30	24·60
(1) Air Force-Airfields	....	23·34	2·52	14·67	10·00
(2) Capital outlay on industrial expansion	....	5·70	4·00	6·00	2·00
(3) Reciprocal Aid-Airfields	....	8·56	2·85	10·85	5·20
(4) New Constructions for the R. I. N.	....	3·38	3·28	2·58	1·60
(5) Capital outlay on Tele-communication scheme	....	0·08	4·20	4·20	5·80
(6) Capital outlay on Chatfield Modernisation Plan	....	11·44	....	....	....
V. War Expenditure Recoverable from the British Government	....	325·48	346·00	392·71	443·02
VI. Total Governmental outlay on account of defence [Total of II (b), IV and V]	....	592·60	545·66	693·65	744·23

*Including new taxation.

The estimates for 1944-45 generally follow the trends of the revised estimates for 1943-44. The total budgetary expenditure and receipts are placed respectively at Rs.363·17 crores and Rs.284·97 crores on the basis of existing taxation. Civil expenditure estimated at Rs.86·56 crores includes an increase of Rs.8·83 crores under interest on debt which rose from Rs.11·50 crores in the revised estimates of 1943-44 to Rs.20·33 crores in the budget estimates for 1944-45, Government's liability under this head increasing with their larger borrowings. This increase was partly set off by a reduction in the amount transferred to War Risks Insurance Funds of about Rs.4 crores owing to a lower rate of premium, while expenditure on civil defence also showed a decrease of about Rs.1½ crores. Under capital account the budget estimates for 1944-45 show a decrease of Rs.13·70 crores due mainly to the completion in 1943-44 of the bulk of the construction programme for air fields for both British and American forces for the cost of which India is liable.

The prospective deficit of Rs.78·20 crores is proposed to be met to the extent of Rs.23·50 crores by additional taxation and the balance of Rs.54·70 crores by borrowing; during 1944-45 Government contemplate raising through loans about

Rs.350 crores. The reliance on borrowing is in accordance with Government's general wartime financial policy of 'more and more borrowing' with a view to re-absorbing the vast outpourings of money required to meet India's growing war expenditure and the still larger disbursements on account of Allied Governments. As a further anti-inflationary measure provision has been made in the budget proposals for advance payment of taxes on income or the 'pay-as-you-go' system of Income Tax.

The variations in the important heads of revenue are indicated below :—

(In crores of rupees)

Heads of Revenue	1938-39 Accounts	1942-43 Accounts	1943-44 Budget	1943-44 Revised	1944-45 Budget	Increase (+) Decrease (—) in 1944-45 over revised estimates for 1943-44
Customs	40·51	25·12	30·00	25·94	28·00	+ 2·06
Central Excise Duties	8·66	12·75	25·02	25·65	40·90	+15·25
Corporation Tax	2·04	31·40	42·80	63·68	81·61	+17·93
(Excess Profits Tax)	..	(22·40)†	(33·80)	(51·35)	(65·00)	(+13·65)
Taxes on Income other than Corporation Tax*	15·24	54·36	59·20	74·32	100·89	+26·57
(Excess Profits Tax)	..	(3·60)†	(6·20)	(10·90)	(13·00)	(+ 2·10)
Currency and Mint	0·58	5·25	5·13	10·07	9·99	— 0·08
(Profits of the Reserve Bank)	(0·20)	(3·24)	(3·24)	(7·50)	(7·50)	..
Railways' Contribution	1·37	20·13	27·10	32·27	31·37	— 0·90
Posts and Telegraphs	0·19	4·52	8·36	9·38	11·31	+ 1·93

*Including provinces' share.

†Revised estimates.

The following table gives the proportion of taxes on income to total tax revenue :—

(In crores of rupees)

	*Total Tax Revenue (1)	*Total Taxes on Income (2)	*Percentage of (2) to (1) (3)
1938–39	73·84	17·28	*23*
1939–40	81·85	19·37	*24*
1940–41	79·66	25·93	*33*
1941–42	103·26	44·06	*43*
1942–43	134·47	85·76	*64*
1943–44 (Budget)	165·96	102·00	*61*
1943–44 (Revised)	199·16	138·00	*69*
1944–45 (Budget)	261·10	182·50	*70*

*Including provinces' share.

The increase in receipts from Corporation Tax and Income Tax in the budget estimates for 1944-45 is owing to higher estimated collections of Excess Profits Tax which are placed at Rs.78 crores against Rs.62·25 crores in the revised estimates for 1943-44 and to increases in the rates of Income Tax, Super Tax and Corporation Tax. With a view to giving relief at the bottom of the scale, the taxable minimum

on which income tax is levied has been raised from Rs. 1,500 to Rs. 2,000. According to the Indian Finance Act of April 1944 the measures for additional direct taxation include :—

(1) an increase in the Central Surcharge on Income Tax by 2 pies from 16 to 18 pies in addition to the basic rate of 24 pies on incomes from Rs.10,000 to Rs.15,000 and on the balance above Rs. 15,000 an increase in the surcharge by 4 pies from 20 to 24 pies, in addition to the basic 30 pies,

(2) an increase of 6 pies in the surcharge on Super Tax on slabs of income between Rs.35,000 and Rs.2 lakhs, and

(3) an increase in the Corporation Tax from 2 annas to 3 annas, a rebate of anna one in the rupee being allowed on so much of a company's total income as is not distributed in dividends other than dividends payable at a fixed rate.

By a special provision, the combined rate of Income Tax and Super Tax payable by life insurance businesses is limited to 63 pies, with retrospective effect for 1943-44. Indirect taxation is estimated to bring in an additional revenue of Rs.15 crores made up of (1) an increase from one-fifth to one-half in the additional duty levied in respect of the following items estimated to yield Rs.1 crore :—(*a*) spirits, (*b*) tobacco, (*c*) cigars, and (*d*) cigarettes; (2) increases in central excise duties on unmanufactured tobacco and on cigars and cheroots estimated to yield Rs.10 crores, and (3) three new excise duties, at the rate of two annas a pound, on betel nuts, tea and coffee together estimated to yield Rs.4 crores. The contribution from Railways in terms of the new arrangements referred to in the last year's Report, is expected to be slightly lower at Rs.31·37 crores against Rs.32·27 crores in the revised estimates for the year 1943-44. On the other hand, the receipts from Posts and Telegraphs estimated at Rs.11·31 crores are higher by Rs.1·93 crores due to the growth of traffic in the postal, telegraph and telephone branches.

The budget proposals also include measures for advance payments of tax on income from which the tax is not at present deducted at source, *e.g.*, income from property, business and professions. Under the proposed scheme, an assessee will have the option to pay tax quarterly, either on the basis of his last assessed income or on the basis of his own estimate of current earnings. Government will pay 2 per cent. interest on all sums paid in advance, but if the assessee's own estimate, which can be revised during the year, falls short of 80 per cent. of the tax determined on regular assessment, penal interest at 6 per cent. on the difference will be payable. No penal interest will be payable where the assessee chooses to pay on the basis of his last assessed income. The sums collected will be treated as deposits to be taken to revenue when the regular assessments are made. As regards Excess Profits Tax, the compulsory deposit which was fixed at one-fifth of such tax by Ordinance No. XVI dated the 17th May 1943, has been increased to 19/64 of the tax provisionally fixed, and is payable at the time of the provisional assessment.

The Finance Member stated in his budget speech that the Central Government had reviewed the post-war budgetary position as it was considered that the first requisite for a satisfactory reconstruction programme was a sound financial position both at the Centre and in the provinces, which could best be achieved by the fullest development of their respective taxation resources. Although many provinces had already started exploiting their revenue resources and building up

reconstruction funds, the magnitude of their requirements would almost certainly necessitate their receiving all the financial assistance that the Centre might be in a position to render. Government had therefore under consideration the possibility of an estate duty on non-agricultural property which would be levied by the Centre, but of which the proceeds would be assigned to the provinces on whom a large share of the cost of development would fall. The Finance Member further stated that, on the assumption of a reasonably speedy rate of demobilisation and the maintenance of full production and employment and a determination on the part of Government to utilise to the full the taxable capacity of the country, the review of the post-war budgetary position indicated that after one or two deficit years, revenue surpluses should occur rising in the fourth or fifth year to the order of Rs.100 crores per annum. If all-out borrowing continued in accordance with the technique developed during the war it was possible that the total resources for the purpose of reconstruction during the first effective quinquennium might approximate to the level of Rs.1,000 crores. This figure was apart from private investments and the resources built up by industry to facilitate their task of post-war reconstruction.

39. *Railway Budget.*—The following table compares the budget estimates of State-owned Railways including worked lines for 1944-45 with the budget and revised estimates for 1943-44 and the actuals for 1942-43 and the pre-war year 1938-39 :—

(In crores of rupees).

	1938-39 Accounts	1942-43 Accounts	1943-44 Budget	1943-44 Revised	1944-45 Budget
I. Receipts and Expenditure.					
Gross Traffic Receipts	99·62	1,55·48	1,50·00	1,78·50	1,82·00
Total Working Expenses	69·18	84·26	88·14	1,08·58	1,14·28
a. Net Traffic Receipts	30·44	71·22	61·86	69·92	67·72
b. Net Miscellaneous Receipts	0·23	1·88	2·17	2·70	3·24
Net Revenue (a + b)	30·67	73·10	64·03	72·62	70·96
Interest charges..	29·30	28·03	27·99	28·85	28·75
II. Surplus	1·37	45·07	36·04	43·77	42·21
Contributions to General Revenues	1·37	20·13	27·10	32·27	31·37
Contributions to Railway Reserve Fund ..	....	8·86	8·94	11·50	10·84
Repayment of the loans from the Depreciation Fund	....	22·38*	....	....	....
Total expenditure charged to capital ..	2·33	23·96	13·00	14·82	28·70
Total expenditure charged to Depreciation Fund	7·08	4·95	11·00	11·02	23·00
III. Capital at charge at the end of the year.	7,55·26	7,72·52	7,83·24	7,87·34	8,08·04
IV. Depreciation Reserve Fund	19·61	51·84	82·19	82·07	87·93
Net accretions during the year	5·48	7·85	1·84	5·86	—5·88
Closing Balance	25·09†	82·07	84·03	87·93	82·05

* Includes Rs. 6·30 crores transferred from the Railway Reserve Fund

† Includes Rs.9 lakhs on account of loans to branch line companies and also Rs.31 lakhs on account of investments in branch line shares. In 1942-43, these amounts were transferred to the Railway Reserve Fund investment account.

The accounts for 1942-43 showed a surplus of Rs.45·07 crores which was higher than the revised estimates by Rs.8·79 crores due mainly to a marked increase in receipts during the last quarter of that year. Out of the surplus, general revenues received Rs.20·13 crores; a sum of Rs.16·08 crores was paid into the Depreciation Fund, which together with the transfer of Rs.6·30 crores from the Railway Reserve, cleared the outstanding liability to that Fund; the balance of Rs.8·86 crores was transferred to the Railway Reserve Fund, raising the balance in the Fund to Rs.9·35 crores.

The working of the railways during 1943-44 disclosed a picture of rising receipts and growing expenditure combined with an increasing strain on rolling stock and equipment. Earnings both from passenger and goods traffic registered increases. As against a moderate increase under goods traffic earnings from Rs.91·86 crores in 1942-43 to Rs.97·33 crores in the revised estimates for 1943-44 or of 6 per cent., earnings from coaching traffic during the same period witnessed a record rise from Rs.60·52 crores to Rs.76·32 crores or of 26·1 per cent. The earnings on coaching traffic and on goods traffic in the revised estimates for 1943-44 compared with the pre-war year 1938-39 show percentage increases of 131·5 and 51·2 respectively.

The revised estimates for 1943-44 placed total traffic receipts higher at Rs.178·50 crores as against Rs.150 crores budgeted. The total estimated working expenses (including depreciation and payments to worked lines) at Rs.108·58 crores are also higher by Rs.24·32 crores than those in the previous year mainly as a result of a sharp rise in the price of coal, increased scales of dearness allowance and provision of foodgrains to staff at concessional rates. The net surplus after meeting interest charges amounts to Rs.43·77 crores of which general revenues will receive Rs.32·27 crores. The balance of Rs.11·50 crores is proposed to be carried to the Railway Reserve.

The original budget estimates for 1944-45 placed the gross traffic receipts, at Rs.192 crores and working expenses at Rs.114·28 crores. Consequent, however, on the decision of the Governor-General in Council to drop the budget proposal to enhance passenger fares by 25 per cent. estimated to bring in an additional Rs. 10 crores, the revenue estimates have been reduced by an equivalent amount. As it had been proposed to transfer the anticipated Rs.10 crores to the Railway Reserve to be earmarked for the provision of amenities to third class passengers after the war, the transfer to that Fund had also to be reduced by a similar amount. The budget proposed to levy the surcharge on coal freight at 20 per cent. throughout the year instead of reducing it to 15 per cent. for seven months as hitherto, as there is no slack season under wartime conditions. The net surplus after payment of interest charges is estimated at Rs.42·21 crores. The surplus of commercial lines will be divided between general revenues and railways in the proportion of 3 :1 as in 1943-44. The share of the former, after deduction of the loss on strategic lines at Rs. 1·15 crores, will be Rs. 31·37 crores, and Rs. 10·84 crores will be transferred to Railway Reserve, raising the Reserve to Rs.31·69 crores.

The works programme for 1944-45 not charged to revenue is the largest on record and is estimated to cost Rs.58·17 crores as against Rs.26·25 crores in the revised estimates for 1943-44. The contemplated capital expenditure includes

an outlay of Rs.34·24 crores on rolling stock and provision for the purchase of the Madras & Southern Mahratta, and South Indian Railways at a cost of about Rs. 8 crores, and also of the Gujerat Railway and the Dhond-Baramati Railway at Rs.67 lakhs.

The post-war reconstruction programme of the Railways is estimated to cost Rs.319 crores. The programme is classified into three main groups namely (1) rehabilitation, repairs and replacement of machinery, locomotives, wagons, etc., (2) organisational improvement covering servicing of goods, parcel and passenger traffic and the evolution of a new rate structure in keeping with post-war requirements and (3) developments, including provision of special amenities for third class passengers, establishment of workshops for the manufacture of locomotives and extension of the activities of the railways to other branches of transport, such as road and air services. The construction of 5,000 miles of new lines in the post-war period is also provided for, of which 2,500 miles are proposed to be built during the first seven years. A sum of Rs.125 crores will be contributed towards the financing of the scheme from the Railway Reserves and the balance of Rs. 194 crores from loans to be raised by the Government of India. The price level at which the aggregate cost of the plan namely Rs.319 crores is computed is 200 to 250 per cent. above pre-war rates. After the last war about Rs.150 crores had to be spent on the rehabilitation of the railways.

40. *Provincial Budgets.*— Statement IX shows receipts and expenditure on revenue account of the provinces for the years 1942-43, 1943-44 and 1944-45. The following table contains a comparison of the combined results for all the provinces :

(In lakhs of rupees)

	1938-39 Accounts	1942-43 Accounts	1943-44 Budget	1943-44 Revised	1944-45 Budget
Revenue	84,74	1,24,31	1,16,65	1,51,41	1,56,21
Expenditure	85,76	1,18,18	1,17,15	1,57,50	1,58,40
Total surpluses	62	6,46	1,36	7,09	6,50
Total deficits	1,64	33	1,86	13,18	8,69
Total net surpluses (+) or deficits (—) ..	—1,02	+6,13	—50	—6,09	—2,19

Both revenue and expenditure in case of almost all the provinces reached new peak levels during the year under review. The revised estimates in 1943-44 of the revenues of all the provinces at Rs.151·41 crores was nearly 30 per cent. higher than the budget figure of Rs.116·65 crores. The rise is mainly due to increases under the provincial share of Income Tax and larger receipts from Land Revenue, Excise and Forests. In part, however, the larger revenues were the result of additional taxation levied by some of the provinces with a view to immobilising a part of the surplus purchasing power in the country and to providing larger amounts for provincial post-war reconstruction funds. In Madras, the additional measures of taxation during the inter-budgetary period included enhanced rates in respect of Registration Fees, Stamp Duties, Betting Tax and General Sales Tax, in all estimated to yield Rs.1,72 lakhs in 1943-44 and Rs.3,63 lakhs in 1944-45, *i.e.*, in a full year. Similar increases were imposed in Bombay, the North-West Frontier Province and other provinces. Unprecedented increases in receipts as in the case of the United Provinces, the Central Provinces and Berar, Bombay, Madras and the Punjab have enabled their Governments to build up large funds for expenditure after the war. Thus, in the case of Bombay it is estimated that the Post-war Reconstruction Fund first instituted

in 1942-43, will stand at Rs.7 crores at the end of 1944-45. In the United Provinces, the Revenue Reserve Fund is expected to amount to Rs.5·49 crores at the end of 1944-45 including the contribution of Rs.2 crores from the anticipated surplus of Rs.4·38 crores in 1944-45. The buoyancy of provincial revenues mainly as a result of the high level of agricultural prices and the consequent sharp increase in land values have enabled the Punjab and Sind to find funds to effect substantial reductions in their debts to the Centre; the Punjab has repaid, during the current year, its entire unconsolidated debt of Rs.10 crores, while Sind was able to repay on the 15th May 1944 in one lump sum Rs.5·75 crores being the balance of the Sukkur Barrage Debt. The rise in the combined expenditure of the provinces from Rs.117·15 crores in the budget estimates to Rs.157·50 crores in the revised estimates for 1943-44 is mainly due to developments incidental to the war, such as the higher level of prices, the larger provision for the 'Grow More Food' campaign and the grant of dearness allowances to low-paid Government servants, as well as the setting apart of funds for post-war reconstruction. The total expenditure by provinces on beneficent departments such as Education, Public Health, Agriculture, Veterinary, Co-operation and Industries stood at Rs.32·37 crores for 1943-44 compared with Rs.27·71 crores for 1942-43, and is placed at Rs.34·67 crores for 1944-45. The large rise in expenditure in the case of Bengal is mainly accounted for by the cost of the relief measures adopted in connection with the famine conditions in the province.

The budget estimates for 1944-45 show deficits in four provinces amounting in all to Rs.8,69 lakhs of which Rs.8,46 lakhs is accounted for by Bengal; six other provinces show surpluses aggregating Rs.6,50 lakhs. The total estimated revenue for all the provinces is higher than the revised estimates of the previous year by Rs. 4,80 lakhs due mainly to realisation in a full year of enhanced rates of taxation and expected larger receipts in the provincial share of income-tax.

41. *Subventions and Payments from the Centre.*—The following table shows the subventions and other payments made by the Centre to the provinces since 1937-38 in terms of the Government of India (Distribution of Revenues) Order as amended in February 1940, April 1942 and April 1944, and special grants to the provinces. Further particulars of the payments in respect of each province will be found in Statement X.

(In crores of rupees)

	Income-tax	Jute Duty	Subvention	Other grants-in-aid	Total
1937-38	1·25	2·65	3·12	....	7·02
1938-39	1·50	2·51	3·03	....	7·04
1939-40	2·79	2·56	3·03	....	8·38
1940-41	4·16	1·85	3·03	....	9·04
1941-42	7·39	1·95	3·03	....	12·37
1942-43	10·90	1·40	2·75	0·01	15·06
1943-44 (Revised)	19·50	1·35	2·75	3·25*	26·85
1944-45 (Budget)	23·69	1·35	2·75†	1·75*	29·54

* Not utilised.

† Including Rs.1·05 crores for payment to Sind, which has, however, been discontinued from the 1st April 1944.

The progressive increase in the share of Income-Tax accruing to the provinces noticed since the outbreak of the war also continued during the year under review, the revised estimates for 1943-44 showing an increase of about 45 per cent. as compared with the budget estimates of Rs.12·10 crores. The receipts for 1944-45 are estimated at Rs.23·69 crores. The divisible pool of Income-Tax is estimated at Rs.56·38 crores for 1944-45 as compared with Rs.44·04 crores and Rs.33·19 crores respectively in the revised and budget estimates for 1943-44, and is calculated as follows :—

(In lakhs of rupees)

	1943-44 Budget	1943-44 Revised	1944-45 Budget
Total taxes on income other than Corporation Tax, excluding central surcharge	38,20	49,72	62,39
Deduct—Portion attributable to taxes on federal emoluments and to Chief Commissioners' Provinces..	4,62	5,18	5,36
Deduct share of cost of collection	39	50	65
Divisible Net Proceeds of Income-Tax	33,19	44,04	56,38
Deduct amount retained by the Central Government ..	21,09	26,52	32,69
Amount payable to Provinces	12,10	17,52	23,69
Add previous year's arrears	....	1,98	....
	12,10	19,50	23,69

The share of jute export duty assigned to the jute producing provinces is placed at Rs.1·35 crores both for 1944-45 and 1943-44 (revised) against Rs.1·40 crores in 1942-43.

On a proposal of the Sind Government to set off the capitalised value of the annual subvention of Rs.1,05 lakhs payable to the Sind Government by the Centre against the outstanding Lloyd Barrage Debt of Rs.20·70 crores and to repay the balance from the province's own free balances, the subvention was capitalised at Rs.14·70 crores at the same rate of interest as borne by the Barrage Debt namely 4½ per cent.; the Distribution of Revenues Order was accordingly amended on the 17th April relieving the Centre from its liability in respect of the payment of the annual subvention to Sind with effect from the 1st April 1944.

The revised estimates for 1943-44 and the budget estimates for 1944-45 provide for the payment of additional grants by the Centre of Rs.3·25 crores and Rs. 1·75 crores respectively of which Rs.3 crores and Rs.1·50 crores go to Bengal.

In view of the somewhat uneven effects of the impact of war on provincial finances, an examination of recent developments was made by the Central Government to see whether a temporary modification of the manner in which the provincial share of the divisible Income-Tax pool is allocated between the provinces as prescribed in paragraph 5 of the Government of India (Distribution of Revenues) Order, 1936 should be made. It was decided that the situation does not call for modification at present and that any action on these lines would have an unsettling effect.

B. PUBLIC DEBT

(*a*) GOVERNMENT BALANCES AND SHORT TERM BORROWING

CENTRAL GOVERNMENT :

42. *Balances.*—Statement XI shows the balances of the Central and the Provincial Governments separately with the Reserve Bank of India and Government Treasuries at the end of each month during 1943-44. It will be seen that except at the end of May, June and December 1943 the Central Government's balances with the Bank remained on a much higher level than in 1942-43. They showed an almost continuous rise from July 1943 and stood at a record level of Rs.83·49 crores at the end of the year as compared with Rs.17·41 crores at the end of 1942-43. The average month-end balances of the Central Government with the Bank during 1943-44 stood at Rs.30·25 crores as against Rs.12·10 crores in the previous year.

43. *Treasury Bills.*—Particulars of the transactions in Central Government treasury bills since 1918-19 are given in Statement XII. Statement XIII gives particulars of the weekly transactions in these bills during 1943-44. The outstanding treasury bills, which had reached the high level of Rs.282·29 crores on the 19th March 1943 mainly as a result of sterling debt repatriation operations, showed a steady reduction and during the twelve months ending the 31st March 1944 declined by Rs.154·09 crores. This reduction was nearly three times the estimate of Rs.57 crores envisaged in the budget statement for the year 1943-44 and was due to the success of the Government's borrowing programme. Total sales of Central Government treasury bills to the public including intermediates amounted during the year to Rs.396·19 crores and the maturities to Rs. 437·03 crores, the corresponding figures for 1942-43 being Rs.371·93 crores and Rs. 283·08 crores. The total amount of bills held by the public declined from Rs.123·98 crores at the end of 1942-43 to Rs.76·07 crores at the end of the year under review. As a result of the modification in the method of payment for accepted tenders introduced in July 1942 a successful tenderer is permitted to offer, in lieu of payment in cash against allotment, such treasury bills in his possession as mature between the day on which the tender result is published and the day preceding the next publication. The amount of treasury bills offered for reconversion totalled Rs.16·50 crores during 1943-44 as against Rs.8·31 crores during the previous year. The weekly offer which had been maintained at Rs.8 crores since the 16th February 1943 was lowered to Rs.6 crores from the 9th November. The tender limit was raised to Rs.8 crores from the 18th January 1944 but was again reduced to Rs.6 crores from the 29th February and to Rs.4 crores from the 22nd March.

The money market was easy throughout the year and applications were generally well above the amounts offered. In April 1943, applications fell below the tender limits largely on account of the smallness of maturities and in March 1944, an increased demand for funds and the comparatively better yield obtainable on provincial treasury bills, resulted in smaller applications. The total amount tendered in 1943-44 was Rs.628·59 crores against an offer of Rs.384 crores, as compared with Rs.527·44 crores and Rs.317 crores in the previous year. The rate of discount of both the accepted tenders and intermediates for the year averaged Rs.0-14-5 as against Rs.0-13-11 per cent. for 1942-43. The spread between the highest and lowest accepted tender rates was Rs. 0-9-5 as against Rs.0-14-6 in 1942-43 and Rs.0-12-9 per cent. in 1941-42. The accepted tender rate remained below the level of last year up to the first week of June, and again from the last week of November till

the close of the year, but it ruled above the previous year's level in the intervening period and this accounted for the higher average for 1943-44. The accepted tender rate remained at Rs.1-2-0 for the greater part of April and then gradually declined. The commencement of the busy season did not affect this trend and the rate continued to fall, the lowest for the year and also the lowest on record for this part of the season being Rs.0-8-7 per cent. on the 14th January 1944. After this the rate firmed up owing to an increased demand for money rising to Rs.0-13-0 on the 17th March 1944. The year closed slightly lower at Rs.0-12-9 as against the closing rate of Rs.1-1-10 on the 26th March 1943. Earlier, on the 23rd February, with a view to counteracting the rising trend in the tender rate at the weekly auctions, tenders below Rs.99-12-9 were rejected with the result that an aggregate allotment of only Rs.89·50 lakhs was made out of a total amount of Rs.10·47 crores applied for against an offer of Rs.8 crores; as a further step in the same direction, the weekly offer was reduced from Rs.8 crores to Rs.6 crores. The sale of intermediates which had been resumed in December 1942 was discontinued from the 7th July 1943 and no sales were made during the rest of the year. The amount of intermediates sold was lower at Rs.36·48 crores compared with Rs.62·51 crores in 1942-43; the rate remained unaltered at Rs.1-0-0 per cent. per annum at which it had stood since the 9th December 1942. The following table gives comparative treasury bill rates for the six years ended 1943 in certain other Empire countries :—

(per cent. per annum)

	United Kingdom	Canada	Australia	South Africa*	India
1938 Average	0·61	0·59	1·75	0·75	1·30
1939 „	1·19	0·71	1·75	0·75	2·01
1940 „	1·03	0·70	1·58	0·75	1·21
1941 „	1·01	0·58	1·50	0·75	0·74
1942 „	1·00	0·54	1·50	0·75	0·86
1943 „	1·00	0·48	1·46	0·75	0·96

* Six months bills.

44. *Yield on Treasury Bills.*—The following table shows the average true yield per cent. per annum on Central Government treasury bills sold to the public during each month of 1943-44 and 1942-43 :—

Month	1943–44 Amount of three months treasury bills (including intermediates) sold (000s omitted)	1943–44 Average yield per cent. per annum	1942–43 Amount of three months treasury bills (including intermediates) sold (000s omitted)	1942–43 Average yield per cent. per annum
April	40,08,25	1·10	13,40,00	1·23
May	43,74,50	1·06	26,78,00	1·23
June	47,10,50	1·04	21,00,00	0·88
July	35,19,25	1·01	39,81,75	0·62
August	32,00,00	0·93	24,18,25	0·47
September	39,96,50	0·85	24,00,00	0·52
October	32,03,50	0·76	36,00,00	0·62
November	26,00,00	0·85	38,00,00	0·71
December	24,00,00	0·75	31,85,25	1·00
January	28,00,00	0·58	39,06,25	1·06
February	24,89,50	0·75	41,89,75	1·08
March	23,16,75	0·81	35,93,50	1·11
Total ..	**396,18,75**	**0·90**	**371,92,75**	**0·87**

The average yield during the year was slightly higher at 0·90 per cent. as compared with 0·87 per cent. in 1942-43. The highest and lowest monthly yields during the year were 1·10 per cent. in April 1943 and 0·58 per cent. in January 1944 respectively, the corresponding figures for the previous year being 1·23 per cent. in April and May 1942 and 0·47 per cent. in August 1942.

45. *Ways and Means Advances.*—The monthly borrowings of the Central Government from the Reserve Bank of India are shown in Statement XIV. The total amount of advances taken by the Government during the year dropped to Rs.31 crores as against Rs.162 crores in 1942-43 and Rs.97 crores in 1941-42 and were the lowest since 1935-36. Of the total advances taken during the year, Rs.22 crores were borrowed during the first quarter and a further Rs.9 crores in September 1943, all for temporary periods. No advances were taken during the remainder of the year and none were outstanding at the end of the year.

PROVINCIAL GOVERNMENTS :

46. *Balances and Ways and Means Advances.*—The month-end balances of the Provincial Governments were generally on a higher level than in 1942-43 and averaged Rs.12·86 crores as compared with Rs.8·13 crores during the preceding year. The average month-end balances of the Government of Burma stood at Rs.69 lakhs as against Rs.62 lakhs in 1942-43.

With the exception of the Punjab and the North-West Frontier Province all the provinces had recourse to ways and means advances from the Bank during the year. The amount of advances during the year aggregated Rs.12·42 crores as compared with Rs.10·57 crores in 1942-43 of which Rs.25 lakhs was outstanding at the end of the year. The borrowings of the Government of Burma during the year totalled Rs.3·94 crores, all of which was repaid before the close of the year.

47. *Treasury Bills.*—The sale of treasury bills by Provincial Governments during 1943-44 are shown in Statement XV. The increasing extent of short-term borrowing by the Provincial Governments during the year is shown by the marked rise in the sales of treasury bills which totalled Rs.45·65 crores as compared with Rs.4·35 crores in 1942-43. Of the six provinces which issued treasury bills, Bengal accounted for Rs.29 crores, Assam for Rs.8·75 crores and the United Provinces for Rs.6 crores. The total outstandings amounting to Rs.17·30 crores at the end of the year were the highest since 1937-38 when the provinces first commenced issuing their own treasury bills. The average yield on provincial bills during the year was 0·98 per cent. as compared with 0·82 per cent. in 1942-43 and 0·85 per cent. in 1941-42. The yield on provincial bills continued to be higher than on corresponding issues of Central Government bills.

(*b*) LONG-TERM DEBT AND OTHER BORROWING.

48. *Government of India Loans.*—The loan programme of the Central Government during 1943-44 carried forward the Indian Defence Savings Movement and formed the main item in Government's anti-inflationary drive. A number of new loans designed to appeal to every type of investor were floated during the year in addition to the sale of rupee counterparts of 3½ per cent. undated Paper. In the all-important field of small savings, that is to say, savings and investment among villagers and persons of small means in urban areas into whose hands much of the excess purchasing power has been passing, a country-wide National Savings drive

with targets to be reached by individual provinces was launched in October 1943. As a part of this scheme, the Post Office Ten-Year Defence Savings Certificates, which were first issued in June 1940, were replaced from the 1st October 1943 by the Twelve-Year National Savings Certificates, giving a slightly higher return. Besides, the Three-Year Interest-Free Bonds first issued in June 1940 remained on tap throughout the year, the 3 per cent. Loan 1951-54 (Third Defence Loan) continued to be sold up-to the 30th June; and the 3 per cent. Loan 1953-55 (Fourth Defence Loan) was issued from the 3rd July 1943. Further, Premium Bonds carrying no rate of interest but in respect of which half-yearly prizes are allotted, were on sale to the public from the middle of January 1944. The Government's borrowing programme was highly successful, and the aggregate investments in Government loans, both Central and Provincial, and in the various forms of postal savings totalled Rs.349·24 crores or over three times the total of the preceding year.

The subscriptions to the 3 per cent. Loan 1951-54 (Third Defence Loan), from the 1st April 1943 to the 30th June 1943, amounted to Rs.14,53,52,000, the total subscriptions since the 8th July 1942 when it was first issued being Rs.54,80,10,300 including conversions of Interest-Free Bonds of the face value of Rs.68,100. The 3 per cent. Loan 1953-55 (Fourth Defence Loan) was a cash-cum-conversion loan. Subscriptions to it were received also in the form of the 4 per cent. Bonds, (which fell due for repayment on the 31st July 1943), up to the close of business on the 17th July 1943 at the rate of Rs.100-4-0 for every Rs.100 nominal. The new loan was on tap, the issue price during the first week being fixed at Rs.100 for every Rs.100 nominal, increasing thereafter by 8 pies per cent. weekly approximating to the net weekly interest accruing. The total subscriptions to the loan up to the 31st March 1944 amounted to Rs.1,10,85,11,300 including Rs.5,45,97,600 in the form of 4 per cent. Bonds 1943 tendered for conversion.

Simultaneously with the announcement of the Fourth Defence Loan, a further issue of the 3 per cent. Loan 1963-65 (Fourth Issue) was also announced, the issue price being Rs.95-8-0 for every Rs.100 nominal plus an amount to cover the interest from the 1st June 1943 to the date of application. The list was to be opened on the 3rd July 1943 and to be closed without notice as soon as it appeared that the total subscriptions amounted to approximately Rs.15 crores, and in any case not later than the 10th July 1943. Subscriptions were to be in cash or in the form of the 4 per cent. Bonds 1943. The loan was actually closed on the 10th July 1943, the total subscriptions amounting to Rs.15,21,10,400 including Rs.7,28,02,600 in the form of 4 per cent. Bonds tendered for conversion.

In order to assist in the funding of the liabilities connected with the acquisition of the 2½ per cent. and 3 per cent. undated Sterling Loans, Government announced, early in August 1943, their decision to create rupee counterparts of 3½ per cent. undated Paper up to the maximum value of the two sterling loans repaid, the counterparts being sold by the Reserve Bank in accordance with the usual procedure.

On the 16th October, the issue of a new 3 per cent. Funding Loan 1966-68 was announced, subscriptions to which were to be received from the 22nd October 1943. The loan was to be closed as soon as the total subscriptions amounted to approximately Rs.25 crores, and in any case not later than the 26th October 1943. The issue price was fixed at Rs.98 for every Rs.100 nominal plus Rs.0-2-0 per cent. representing approximately interest for the period 1st to 21st October 1943. The

loan was closed on the 26th October 1943, the total subscriptions amounting to Rs.25,11,78,000. On the 10th January 1944 in view of the existence of a continued investment demand for longer-dated loans on the part of institutional investors and the market generally, a special issue of Rs.50 crores of the 3 per cent. Funding Loan 1966-68 was created.

In order to encourage the public and particularly the small investor to save more, the Government announced on the 15th December 1943, the issue of Five-Year Interest-Free Prize Bonds repayable at par on or after the 15th January 1949. The Bonds have been on sale since the 15th January 1944. The entire issue is in the form of bearer bonds in denominations of Rs.10 and Rs.100. Drawings for prizes are half-yearly on the 15th July and the 15th January, the amount of prize money involving a cost to Government equivalent to a rate of interest of about 2 per cent. per annum. The subscriptions to these Bonds up to the 31st March 1944 amounted to Rs.1,80,55,170.

Apart from subscriptions to the Defence Loans, there was a sustained investment of new money, especially by institutional investors, in rupee counterparts and extensions of existing loans issued in connection with the repatriation of sterling debt. The aggregate investments during the year under review in these loans amounted to Rs.78·05 crores as against Rs.48·14 crores in the preceding year. The progressive totals in respect of investments in each of these loans for the years 1940-41 to 1943-44 are shown below :—

(In crores of rupees)

			1940-41	1941-42	1942-43	1943-44
3 per cent.	Paper	.. ..	2·89	3·39	3·97	5·28
3½ „	„	.. ..	9·38	17·26	55·73	133·78
5 „	1942-47	.. ..	7·45	0·29	..	..
4½ „	1950-55	.. ..	18·72	8·08	8·08	6·73
4½ „	1958-68	.. ..	7·27	5·84	5·84	5·85
4 „	1948-53	.. ..	6·36	4·72	5·02	5·02
3½ „	1954-59	.. ..	3·96	12·24	12·32	12·35
3 „	1949-52	.. ..	5·24	7·28	7·48	7·48
3 „	1951-54	.. ..	....	10·95	16·79	16·79
3 „	1963-65	.. ..	....	13·05	16·01	16·01
		Total ..	61·27	83·10	131·24	209·29

The total receipts from the various Defence Loans and issues made in connection with the financing of the repatriation operations during each of the years 1940-41 to 1943-44 are given below. Investments during 1943-44 amounted to Rs.341·49 crores and accounted for 57·6 per cent. of the aggregate investments at Rs.592·45 crores since the inception of the Defence Loan programme in 1940.

(In lakhs of rupees)

	1940-41	1941-42	1942-43	1943-44	Total
3 per cent. Six-Year Defence Bonds:—					
(*a*) First series	71	..	..	..	71
(*b*) Second series	44,43	..	..	20,00*	64,43
3 per cent. Second Defence Loan 1949-52 ..	3,47	55,69	..	..	59,16
Three-Year Interest-Free Bonds	2,34	34	32	—1	2,99
Post Office Cash Certificates	—10,04	—7,97	—4,44	7	—22,38
Defence Savings Certificates	2,29	2,06	1,21	1,41	6,97
National Saving Certificates	..	..	..	8,65	8,65
Post Office Savings Bank	—18,81	—7,44	15	11,96	—14,14
Post Office Defence Savings Bank	..	11	29	3,58	3,98
3 per cent. Loan 1951-54 (Third Defence Loan)	..	..	40,01	14,79	54,80
Rupee Counterparts (net investments) ..	61,27	21,83	48,14	78,05	209,29
3 per cent. Loan 1963-65 (Special Issue) ..	..	..	15,00	15,21	30,21
3 per cent. Funding Loan 1966-68	..	..	..	75,12*	75,12
3 per cent. Loan 1953-55 (Fourth Defence Loan)	..	..	..	110,85	110,85
Five-Year Interest-Free Prize Bonds ..	..	..	..	1,81	1,81
Total ..	**85,66**	**64,62**	**100,68**	**341,49**	**592,45**

* Includes amounts taken up by the Government of India in their Cash Balance Investment Account.

49. *Repayment of Loans.*—The 4 per cent. Bonds 1943, fell due for redemption on the 31st July 1943. The total amount outstanding as on the 31st March 1943 was Rs.14,97,18,000; of this, Bonds of the face value of Rs.5,45,97,600 and of Rs.7,28,02,600 respectively were converted into the 3 per cent. Loan 1953-55 (Fourth Defence Loan) and the fourth issue of the 3 per cent. Loan 1963-65, and the balance was paid off on the 31st July 1943, the actual amount surrendered for payment during the year under review being Rs.2,12,39,800.

50. *Provision for Reduction of Debt.*—Since 1934-35 a provision of Rs.3 crores has been made annually from revenue for reduction of debt. Particulars for the last three years are given below:—

(In lakhs of rupees)

	1942-43 Accounts	1943-44 Revised	1944-45 Budget
1. Sinking Fund	95·04	95·04	95·04
2. Other Appropriations	2,04·96	2,04·96	2,04·96
Total ..	**3,00·00**	**3,00·00**	**3,00·00**

51. *Repatriation of Sterling Debt.*—The scheme of repatriation of India's sterling debt, which was started in 1937, reached its final stages during the year under review. Out of a total debt of £356·05 million (including Railway Stocks, Debentures and Annuities) outstanding at the end of 1936-37, debt of the value of £307·26 million had been repaid by the end of 1942-43. The Chatfield debt amounting to £8½ million was also liquidated. The continued accumulations of sterling with the Reserve Bank enabled the Government of India to redeem during 1943-44 through repayments and open market purchases a further £13·02 million of the remaining sterling debt. In addition, on the 1st April 1944, Government effected the purchase of the Madras and Southern Mahratta Railway and the South Indian Railway at an aggregate cost of approximately £6·35 million.

In accordance with the notice of redemption given on the 12th of March 1943, the remaining three 3½ per cent. Railway Debentures, *viz.*, those of the East Indian Railway, the Great Indian Peninsula Railway, and the Bombay, Baroda and Central India Railway, were repaid on the 4th February 1944, the amount paid being £8·9 million. During the year the acquisitions of stray parcels of the Government of India Sterling Stocks, both dated and undated, of the face value of £2·52 million and of the 3½ per cent. Railway Debenture Stocks amounting to £1·60 million, totalled £4·12 million. The aggregate sterling debt redeemed from the time since repatriation first began up to the end of March 1944 amounted to £320·28 million at a total cost of Rs.425·37 crores.

In the table below are given particulars of the sterling stocks acquired since 1937-38 under the various schemes, their purchase prices and the amount of rupee counterparts created.

	Manner of Repatriation	Face Value (£ million)	Purchase Value (£ million)	Purchase Value (Rs. crore)	Amount of Rupee Counterparts created (Rs. crore)
1937-38	Open market purchases	0·84	0·75	1·00	1·12
1939-40	„ „ „	17·09	16·54	22·05	22·79
1940-41	1.„ „ „	9·22	8·52	11·36	12·10
	2. Licence scheme of 22nd February 1940	2·02	2·02	2·69	2·69
	3. First compulsory scheme of 8th February 1941	60·05	64·70	86·27	80·07
1941-42	1. Open market purchases	12·11	12·36	16·48	16·14
	2. First compulsory scheme of the 8th February 1941	13·08	14·14	18·85	17·44
	3. Second compulsory scheme of the 24th December 1941	73·85	65·78	87·71	....
1942-43	1. Open market purchases	10·48	10·40	14·00	11·40
	2. First compulsory scheme of the 8th February 1941 (including special arrangement)	1·45	1·13	2·02	1·29
	3. Second compulsory scheme of the 24th December 1941 (including special arrangement)	5·22	4·31	6·12	2·30
	4. Redemption of 3½ per cent. sterling stock 1931 or after	56·21	56·21	74·95	67·63*
	5. Funding of Railway Annuities ..	27·06	30·05	40·07	....
	6. Repatriation of Railway Debenture Stocks	18·58	18·38	24·51	....
1943-44	1. Open market purchases	1·60	1·63	2·17	....
	2. First compulsory scheme of the 8th February 1941 (including special arrangement)	0·16	0·16	0·22	0·04
	3. Second compulsory scheme of the 24th December 1941 (including special arrangement)	0·32	0·28	0·37	30·38†
	4. Redemption of 3½ per cent. sterling stock 1931 or after	0·71	0·71	0·94	8·00*
	5. Redemption of 3½ per cent. Debenture Stocks of E.I.R., G.I.P., & B. B & C. I. Railways.	8·90‡	8·90‡	11·87	....
	6. Repatriation of Railway Debenture Stocks	1·33	1·29	1·72	....
	Total ..	**320·28**	**318·26**	**425·37**	**273·39**

* Created against cancellation of £56·72 million of 3½ per cent. Sterling Stock 1931 or after.
† Includes counterparts for Rs. 30 crores created against cancellation of £26·25 million of 3 per cent. Sterling Stock 1948 during the period 2nd March to 16th June 1942.
‡ Provisional.

52. *Composition of Total Rupee and Sterling Debt since 1913-14.*—Statement XVI gives the outstandings of the rupee and sterling debt of the Government of India as at the end of each quinquennium from 1913-14 to 1938-39 and as at the end of each financial year thereafter. The terminable part of the funded debt is classified according to the period of maturity.

The total public debt of India as on the 31st March 1944 amounted to Rs.1,372·96 crores, of which the sterling debt accounted for Rs.38·27 crores or 2·8 per cent. as against Rs.57·41 crores at the end of the preceding year.

53. *Conversion of Government Promissory Notes into Stock Certificates, and Subsidiary General Ledger Accounts.*—The facility for the conversion of Government Promissory Notes into Stock Certificates, free of charge, continued to be availed of by the investing public. The amount of such conversions during the year under review was Rs.50·23 crores, the total amount converted since the introduction of the scheme on the 1st March 1942 being Rs.232·51 crores. Reconversions of Stock Certificates into Government Promissory Notes, for which also no charge is made, amounted to Rs.18·66 crores as compared with Rs.19·80 crores in 1942-43. Institutional investors also continued to utilise the facility allowed by the Bank for holding securities on Subsidiary General Ledger Accounts, referred to in the last year's Report. The relative importance of the various forms in which the total rupee debt is held by the public is indicated in the table below :—

	Percentage to total Rupee Debt			
As on	G. P. Notes	Stock Certificates	S.G.L. A/c.	Misc. (*i.e.*, G. P. Notes & Stock held in London)
31-3-1942	*53·69*	*15·40*	*30·57*	*0·34*
31-3-1943	*25·60*	*31·28*	*42·85*	*0·27*
31-3-1944	*32·65*	*28·88*	*38·27*	*0·20*

54. *Post Office Certificates and Savings Bank Deposits.*—Statement XVII shows the transactions in Post Office Five-Year Cash Certificates since their inception in 1917-18 and Ten-Year Defence Savings Certificates which were first introduced in 1940 and were replaced by the Twelve-Year National Savings Certificates from the 1st October 1943. Statement XVIII gives information regarding the Post Office Savings Bank since 1913-14 and the Defence Savings Bank which started operations from the 1st April 1941.

The year witnessed a welcome improvement in the volume of small savings, the campaign launched by the Central Government and pursued by most of the provinces meeting with a marked degree of success. A National Savings Commissioner was appointed in September 1943 to direct and control the small savings movement, and a scheme was introduced for the employment of authorised agents to make sales of certificates in the villages on a commission basis. A special staff paid by the Central Government was appointed to assist provincial authorities in promoting their savings and investment campaigns. As a further encouragement, new Twelve-Year National Savings Certificates were introduced with a yield to maturity of nearly 3½ per cent. compound interest free of income tax as compared with 3⅛ per cent. on the old Defence Savings Certificates. Also from the 1st October 1943 the rate of interest on Post Office Savings Bank deposits was raised from 1½ per cent. to 2 per cent. on balances that did not fall below Rs.200 at any time during the year. As a result of these measures, there was a marked

improvement both in the purchase of certificates by the public and in lodgements to Savings Bank accounts. In both 1941-42 and 1942-43 there had been a net decrease by withdrawals of funds from savings banks and by encashment of certificates, but in 1943-44 there was a net accrual of Rs.25·67 crores under both these heads as indicated by the following table.

(In lakhs of rupees)

Outstandings	1940-41	1941-42	1942-43	1943-44
Cash Certificates	46,98	39,01	34,57	34,64
Defence Savings Certificates	2,29	4,35	5,56	6,97
National Savings Certificates	....	....	....	8,65
Savings Bank Deposits	59,57	52,13	52,28	64,24
Defence Savings Bank Deposits	....	11	40	3,98
Total ..	**108,84**	**95,60**	**92,81**	**118,48**

No change was made in the rate payable on the Post Office Five-Year Cash Certificates, the yield on them continuing at 2½ per cent. compound interest, free of income tax. Total withdrawals during 1943-44 showed a decline of Rs.2·77 crores over the previous year, while on a similar comparison total sales showed an increase of Rs.1·74 crores. The aggregate amount outstanding at the end of the year under review at Rs.34·64 crores was higher than at the end of the previous year by Rs.7 lakhs.

The total net investments in the Ten-Year Defence Savings Certificates since their introduction in June 1940 upto the 30th September 1943 when they were discontinued, amounted to Rs.7·46 crores. The outstanding of these Certificates at the end of 1943-44 was Rs.6·97 crores.

The notification of the Government of India issued in October 1942 giving an option to the holders of Post Office Cash Certificates issued in Burma after its separation from India to extend their maturity by a further ten years was cancelled in February 1944 and such certificates ceased to bear interest after maturity. Post Office Cash Certificates issued in Burma prior to its separation from India continue to be governed by the same rules as apply to Government of India Post Office Cash Certificates.

55. *Provincial Loans.*—On the 14th September 1943, four Provincial Governments issued loans bearing interest at 3 per cent. to the aggregate value of Rs.7·75 crores repayable on the 14th September 1956. Bombay issued Rs.3,50 lakhs at Rs.100, the Punjab Rs.2,50 lakhs at Rs.99, Madras Rs.1,25 lakhs at Rs.99-8-0 and the Central Provinces and Berar Rs.50 lakhs at Rs.99. The lists were open for one day only, *viz.*, the 14th September 1943. The Central Provinces and Berar and the Punjab Loans were over-subscribed while the Bombay and Madras Loans were fully subscribed after a call had been made on the underwriters. The object of the loans as in the case of those floated in the previous year was to make advance repayment of a portion of the loans carrying a higher rate of interest, owed to the Central Government from a date prior to the inauguration of Provincial Autonomy on the 1st of April 1937.

56. *Debt Position of Provinces.*—Statement XIX shows the debt position of the provinces at the end of the year under review. The main features are an almost continuous rise in the permanent debt of the provinces, and a more or less opposite trend in the debt owed by them to the Central Government. The

reduction in the debt owed to the Central Government during 1943-44 was a result of advance payments amounting to Rs.7·84 crores made by some of the provinces against their liability on account of their consolidated debt to the Centre. Out of the large amount of the floating debt at Rs.37·55 crores outstanding at the end of 1943-44, borrowings by Bengal mainly for financing famine relief measures accounted for Rs.33·5 crores.

VI. CAPITAL MARKETS, MONEY AND BANKING

57. *Government Securities Market.*—Statement XXI gives the highest and lowest prices of representative rupee securities of the Government of India during 1943-44 and previous years while Statement XX shows the highest, lowest and average prices, and the average yield during each month of the year under review.

The recovery in the gilt-edged market which commenced in May 1942 continued almost without interruption throughout 1943 and during the last quarter, prices touched the highest levels recorded since the war began. A continued investment demand, particularly for the longer-dated loans, the diversion of funds from equities and the commodity markets following a further tightening of financial control, and the improved technique of Governmental borrowing developed during the war, were the major factors which contributed to the firmness of the gilt-edged market and the success of Government's borrowing programme during the year. The total investment in Central Government loans during 1943-44 amounted to Rs. 341 crores and was more than half of the total subscribed since the outbreak of the war.

A quietly steady tone prevailed during the first quarter of the year under review, the 3½ per cent. undated Rupee Paper continuing to be quoted at Rs.94 and other loans showing no marked variations. On the 30th June, Government advanced the selling price of 3½ per cent. rupee counterparts of undated Paper which were on sale on tap at the Reserve Bank from Rs.94 to Rs.94-8-0 and on the 5th July to Rs.95. The announcement at the end of June of the issue of the Fourth Defence Loan, *viz.*, the 3 per cent. Loan 1953-55, and a further issue of the 3 per cent. Loan 1963-65 coupled with the decision to create from the 5th August further rupee counterparts in the form of 3½ per cent. undated Paper had a favourable effect on the gilt-edged market and both the terminable and nonterminable loans tended to improve from the beginning of the second quarter on a good investment demand. The firmness of the market enabled Government to raise by stages the selling price of the 3½ per cent. undated Rupee Paper to Rs.96 by the 28th July and to Rs.97-8-0 by the 28th September. Prices of other loans also advanced in sympathy, the 3 per cent. Loan 1963-65 and the 4 per cent. Loan 1960-70 improving from Rs.95-8-0 and Rs.110-8-0 on the 30th June to Rs.97-8-0 and Rs.111-6-0 respectively by the 28th September. The market continued to be firm for the rest of the year except for temporary setbacks, following the air raids on Madras in October and on Calcutta in December. During November, however, prices of the 3½ per cent. undated Paper showed a downward trend owing to heavy profit-taking sales by purchasers who had bought at lower levels earlier in the year, and on the 20th November the quotation touched Rs.97-1-0 recovering to Rs.97-8-0 by the end of the month. On the 11th December, Government issued a notification further revising the minimum prices of Government securities originally fixed in March 1942 and revised upward in September of that year. The minima for the provincial

loans were, however, left at the levels at which they were fixed on the latter date. The table below shows the revised prices together with the previous day's closing quotations and the minimum prices fixed earlier by Government.

Central Government Loans	Minimum price fixed by Government on 2nd March 1942.	Minimum price revised by Government on 2nd September 1942.	Minimum price revised by Government on 11th December 1943.	Closing quotation on 10th December 1943.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
3½% Rupee Paper (Non-terminable)..	87 0 0	90 0 0	94 0 0	97 6 0
3% Rupee Paper (Non-terminable)..	75 0 0	77 0 0	80 8 0	84 8 0
4% 1943	101 12 0	101 0 0	Repaid	..
5% 1945-55	104 0 0	107 0 0	..	..
3% Defence Bonds 1946	97 4 0	101 0 0	101 0 0	102 5 0
3½% 1947-50	97 4 0	101 8 0	101 8 0	103 6 0
2¾% 1948-52	93 0 0	97 0 0	98 0 0	99 12 0
4% 1948-53	102 0 0	104 8 0	104 8 0	106 11 0
3% 1949-52	95 0 0	98 8 0	99 8 0	100 9 0
4½% 1950-55	106 0 0	107 8 0	108 8 0	111 10 0
3% 1951-54	94 0 0	97 8 0	98 8 0	100 2 0
3½% 1954-59	98 0 0	100 0 0	103 0 0	104 2 0
4½% 1955-60	107 8 0	109 8 0	112 8 0	115 8 0
4% 1960-70	103 0 0	106 8 0	108 8 0	111 15 0
3% 1963-65	88 8 0	91 0 0	95 0 0	98 4 0
4½% 1958-68	108 0 0	109 8 0	113 8 0	116 2 0
3% 1953-55	..	..	98 0 0	..
3% 1966-68	..	..	95 0 0	98 2 0

The announcement of the new minima which were in most cases higher than those fixed earlier, had a strengthening effect; the 3½ per cent. undated Paper which had declined to Rs. 97-5-0 on the 6th December moved up steadily to Rs.99 on the 13th January 1944, and, after fluctuating narrowly between Rs.98-12-0 and Rs.99-2-0, advanced to Rs.99-6-0 on the 4th March 1944, the highest quotation since the outbreak of the war. Towards the close of the year, however, as a result of developments on the Assam-Burma front a slight reaction set in, the quotation declining to Rs.98-3-0 by the 31st March as compared with the previous year's closing price of Rs.94. Most other loans showed substantial gains over 1942-43; the 3 per cent. undated Paper, the 4 per cent. Loan 1960-70 and the 3 per cent. Loan 1963-65 closed at Rs.89-8-0, Rs.112-8-0 and Rs.98-5-0 respectively showing gains of Rs.8-14-0, Rs.2-1-0 and Rs.2-13-0. The Economic Adviser's index number of the prices of Government securities (1927-28 = 100) advanced from 116·1 in March 1943 to 118·3 in January 1944 and stood at 117·7 in March 1944.

The table below gives the average face and market values of rupee securities of the Government of India for each of the eight years 1936-37 to 1943-44 and for each of the months of the year under review.

(In crores of rupees)

Year. (1)	Face Value. (2)	Market Value. (3)	Percentage of (3) to (2)
1936–37	437·33	470·86	107·7
1937–38	437·39	463·86	106·0
1938–39	447·92	471·23	105·2
1939–40	457·56	454·59	99·4
Five pre-war months	441·86	453·78	102·7
Seven war months	441·32	426·53	96·6
1940–41	502·73	496·73	98·8
1941–42	587·92	589·26	100·04
1942–43	663·84	660·10	99·44
1943–44	873·08	878·58	100·63
April	755·76	755·36	99·95
May	779·29	779·10	99·98
June	783·74	783·45	99·96
July	804·79	807·72	100·36
August	848·06	853·66	100·66
September	856·31	862·64	100·74
October	886·87	895·69	100·99
November	895·51	903·76	100·92
December	905·58	914·56	100·99
January	967·93	980·16	100·26
February	990·50	992·79	100·23
March	1,002·60	1,014·01	101·14

58. *Industrial Share Market.*—The recovery in prices of industrial securities was maintained during the year under review and the prices recorded the largest gains in any single year since the beginning of the war. This improvement reflected on the whole the favourable position of most Indian industries as a result of the war and the removal of the fear of enemy attack. A large part of the rise must, however, be attributed to the pressure of idle funds against limited investment opportunities particularly since the restrictions imposed on new issues of capital in May 1943. The following table based on the indices compiled by 'Capital' (Base: August 1939 = 100) illustrates the general rise, the index for industrial shares for the year 1943-44 being higher at 210·1 against 159·3 in the previous year.

	1941–42.	1942–43.	1943–44.
Banks	110·8	117·5	155·5
Cotton Mills	177·2	213·5	269·5
Coals	125·3	133·8	190·4
Jute Mills	129·8	131·9	170·0
Mining and Oil	104·6	106·8	155·2
Cement, Lime, etc.	125·7	158·1	200·0
Engineering and Metal Works	144·5	149·7	196·6
Tea shares	136·3	159·1	226·4
Paper Mills	251·4	291·1	398·3
Sugar shares	153·3	189·3	265·4
Others	156·1	167·8	199·6
Combined Index	**145·2**	**159·3**	**210·1**

Statement XXII of the Index Numbers of Indian Securities compiled by the Office of the Economic Adviser shows that the general index of variable yield industrial securities registered on an average an increase of about 30 per cent. during 1943-44 as against an increase of 7·4 per cent. during the year 1942-43.

The slight fall in prices in most securities in the month of May 1943 was due to the issue by Government of the Excess Profits Tax Ordinance 1943 which

provided for a summary assessment of wartime industrial profits and aimed at immobilising a part of the surplus purchasing power in the hands of industrial concerns. The set-back was only temporary and most securities registered a steady advance thereafter. The issue of the Cotton Cloth and Yarn (Control) Order of June 1943 whose object was the stabilisation of prices in the piecegoods trade led to a general fall in prices of textile shares in anticipation of lower dividends but the shares gradually recovered and reached their highest level in January 1944, Bombay Dyeings, the leading textile share, being quoted at Rs.2,122-8-0 on the 31st March 1944 against Rs.1,925 at the close of the previous year.

The fluctuations in Tata Deferreds, one of the leading scrips, is illustrative of general market movements during the year. Deferreds, which rose to Rs.2,026-4-0 on the 5th May, fell to Rs.1,862-8-0 following the issue of the Excess Profits Tax Ordinance, but improved to Rs.2,075 by the end of June, mainly due to the diversion of funds to the Stock Exchange following Government restrictions on forward trading in bullion. The rumours of restrictions being placed on 'budla' transactions and forward trading on the Stock Exchange, led to further falls and, after the issue of the Government notification prohibiting trading in shares except on a cash basis, the price fell to Rs.1,837-8-0. A partial recovery occurred in the following months, but the quotation declined to Rs.1,890 in December owing to fear of Japanese air attacks. From January 1944 onwards, there was a steady appreciation and the shares touched their highest level of the year at Rs.2,252-8-0 on the 20th March 1944. The strength of the coal section was due to the acute shortage of coal, and the anticipation of higher prices and special measures of assistance to the colliery companies by Government. Jute shares receded in price in July owing to temporary stoppages due to interruptions in the supply of coal, but later recovered.

59. *Money Rates and Conditions.*—Bank rates in the United Kingdom, the United States and most other leading countries remained unchanged during the year. In the United Kingdom, money conditions continued to be easy except towards the close of July 1943 when owing to heavy tax payments and the clearing banks making up their July statements, somewhat tighter money conditions prevailed, but the stringency was eased by special open market purchases of bills by the Bank of England. The day-to-day money rate fluctuated between $\frac{3}{4}$ - $1\frac{1}{4}$ per cent. while the average rate of British Government Treasury Bills was unchanged round 1 per cent.

Statement XXIII gives various money rates in India on the first day of each month of the year under report. Easy money conditions continued to prevail throughout the year as in the previous year, with the inter-bank call money rate in Calcutta and Bombay unaltered at $\frac{1}{2}$ and $\frac{1}{4}$ per cent. respectively, except for a brief period towards the close of the financial year when the call rate in Bombay advanced to $\frac{1}{2}$ per cent. The rate on three months' fixed deposits paid by some of the larger scheduled banks in Bombay was at its highest during the first three months of the year, when it fluctuated between $\frac{3}{4}$ and 1 per cent. but it declined later to $\frac{1}{2}$—$\frac{3}{4}$ per cent. Owing to the seasonal trade demand for funds it rose again to $\frac{3}{4}$—1 per cent. in November, and after remaining at that level up to the middle of January 1944 receded to $\frac{1}{2}$—$\frac{3}{4}$ per cent. and remained unaltered up to the close of the year. The six months' rate moved more or less in a parallel manner between $1\frac{1}{4}$—$1\frac{1}{2}$ per cent. in the busy season, declining to 1—$1\frac{1}{4}$ per cent. in the slack season. The twelve months' rate ranged between $1\frac{1}{2}$—$1\frac{3}{4}$ per cent. throughout the year.

60. *Consolidated Position of Scheduled Banks.*—Statement XXIV shows the consolidated position of scheduled banks in India (excluding Burma) during the year under review. As in the previous year, there was a continuous and steady increase in both the demand and time liabilities of scheduled banks, but while the net increase in demand liabilities during 1943-44 was approximately the same as in the previous year, the net increase in time liabilities was nearly double. The most noticeable feature of the Statement is the steady and substantial rise in the amount of advances and bills discounted which was maintained throughout the year including the usual slack season for trade demands. There was an appreciable rise in banks' cash holdings and balances held with the Reserve Bank during the first nine months of the year, but a gradual decline set in thereafter and at the end of the year the proportion of cash holdings and balances with the Reserve Bank to total liabilities was less than at any time since June 1940.

61. *Clearing House Statistics.*—Statement XXV shows the amount of cheques cleared through the more important clearing houses in India and Burma since 1918-19. The total amount of cheques cleared increased from Rs.29,79 crores in 1942-43 to Rs.45,79 crores in 1943-44. The increase of Rs.16,00 crores is mainly shared by Calcutta and Bombay which together account for a rise of Rs.12,65 crores. With the pre-war year 1938-39 as base, the index numbers of the value of cheques cleared during the last five years are 117·3; 109·4; 138·6; 148·7 and 228·6 respectively. Of the total value of cheques cleared in India during the year 1943-44, Bombay and Calcutta handled about 43 per cent. and 37 per cent. respectively.

Statement XXVI gives the monthly figures of the number and amount of cheques cleared in 1943-44 including twelve Clearing Houses in smaller centres managed by the Imperial Bank of India and incorporated in this Statement for the first time. It will be noticed that the rise in the amount of cheques which passed through the Clearing Houses was proportionately greater than the increase in their number.

62. *Internal Remittances.*—Statement XXVII (A) shows remittances during the year by telegraphic transfers both issued and encashed at the offices and branches of the Reserve Bank of India according to circles. Statement XXVII (B) gives the transfers of funds by demand drafts, telegraphic transfers and mail transfers through the Imperial Bank of India on their own account. Statement XXVII (C) shows the share of the general public, the scheduled and non-scheduled banks, the co-operative banks and societies and Government in the remittances by telegraphic transfers, drafts and mail transfers effected between the Reserve Bank of India, the Imperial Bank of India and Treasury Agencies together for each of the half-years ended September 1942, March 1943 and September 1943.

The amount of remittances during the year showed a substantial increase and is an indication of business activity within the country. Telegraphic transfers issued at the offices of the Reserve Bank of India increased by 45 per cent. while the total remittances through the Imperial Bank of India showed an increase of 48 per cent. The total remittances through the Reserve Bank of India, Imperial Bank of India and Treasury Agencies on account of the general public, scheduled banks, co-operative banks and societies, Government etc. showed an increase under each head during the first half of 1943-44 as compared with the first and second halves of the previous year. It will be observed that while the total amount of remittances, both through telegraphic transfers, and drafts and mail transfers increased, the

aggregate number of transactions showed a decline during the half-year ended the 30th September 1943. The total amount of remittances during this period stood higher at Rs. 579·36 crores as compared with Rs. 474·45 crores and Rs. 311·75 crores during the earlier two half-yearly periods. Of the total remittances during the first half of 1943-44, the shares of the scheduled banks, general public, Government and co-operative banks and societies were respectively 58·8 per cent., 25·1 per cent., 4·6 per cent. and 2·4 per cent.

63. *Reserve Bank of India: Banking Department.*—Statement XXVIII shows the monthly averages of the liabilities and assets of the Banking Department of the Reserve Bank of India for each month during the year, along with their annual averages for the nine years 1935-36 to 1943-44, while Statement XXIX gives weekly (Friday) figures in respect of those for 1943-44.

The average deposits of banks with the Reserve Bank of India rose from Rs.57·36 crores in 1942-43 to Rs.64·69 crores in 1943-44. The minimum and maximum deposits during the year stood higher at Rs.41·08 crores on the 2nd April 1943 and Rs.98·16 crores on the 17th December 1943 respectively, as against the corresponding figures in 1942-43, of Rs.40·85 crores on the 17th April 1942 and Rs.70·81 crores on the 30th October 1942. There was an almost continuous rise in balances during the first part of the year to the peak level of Rs.98·16 crores on the 17th December 1943, after which, owing in part to the seasonal trade demand for funds, they declined and stood at Rs.49·92 crores at the close of the year.

The deposits of Governments with the Reserve Bank were also higher on an average during the year, amounting to Rs.42·47 crores as compared with Rs.21·09 crores in 1942-43, and stood at the record figure of Rs.101·75 crores at the close of the year. Wide fluctuations in the deposits of the Central Government from week to week were noticeable, the highest and the lowest balances being Rs.76·40 crores on the 31st March 1944 and Rs.4·70 crores on the 3rd September 1943.

On the assets side, the average cash balances declined further from Rs.11·92 crores last year to Rs.10·67 crores, while the average balances held abroad representing cash and short-term investments in sterling securities rose sharply from Rs.75·11 crores to Rs.111·72 crores. The increase represented the excess of receipts of sterling from the Central Government over the transfers to the Issue Department, as cover for increases in the note issue. The average of loans and advances to Governments declined from Rs.1·49 crores to Rs.0·49 crores, the highest amount under this head being Rs.2·10 crores in December 1943. The average investments of the Banking Department increased from Rs.7·12 crores to Rs.7·61 crores during the course of the year. The average of 'Other Loans and Advances' comprising advances to scheduled banks and co-operative banks, was Rs.15 lakhs as against Rs.4 lakhs in the previous year, the highest amount reached during the year being Rs.111 lakhs on two separate occasions.

64. *Reserve Bank of India: Issue Department.*—Statement XXXI shows the monthly averages of the liabilities and assets of the Issue Department of the Reserve Bank of India for each month of the year together with their annual averages since the commencement of the operations of the Bank in 1935, while Statement XXX gives weekly (Friday) figures in respect of those for 1943-44. Statement XXXII shows notes in circulation in India and Burma as on the last Friday of each month since April 1938.

Notes in circulation (excluding Burma notes) rose by Rs.238·91 crores or 37·12 per cent. from Rs.643·58 crores on the 26th March 1943 to Rs.882·49 crores on the 31st March 1944. Total notes issued stood at Rs.894·84 crores at the end of 1943-44 as compared with Rs.655·11 crores at the end of the previous year showing an increase of 36·60 per cent.

On the assets side, gold coin and bullion were unchanged at Rs.44·42 crores, their percentage to total notes issued falling further during the year from 6·78 to 4·96. The valuation of the gold holding continued to be based on the statutory rate of Rs.21-3-10 per tola while the market rate for gold stood on the 31st March 1944 at Rs.73-12-0. As a result of the rising war expenditure incurred by the Government of India on behalf of His Majesty's and other Allied Governments, for which payments are made in sterling, the Bank's holding of sterling securities continued to mount. From Rs.421·71 crores on the 26th March 1943 it rose to Rs.689·83 crores on the 12th November 1943, and after a temporary setback to Rs.684·83 crores on the 19th November as a result of the substitution of Rs.5 crores of rupee coin in the assets of the Issue Department, it rose to a total of Rs.779·83 crores on the 31st March 1944. The percentage of sterling balances to total note issue stood at 87·15 at the end of the year as compared with 64·37 at the end of 1942-43. The percentage of gold and sterling securities together, which stood at 71·15 towards the end of the previous year, rose to 92·11 towards the close of the year. Mainly as a result of the cancellation of *ad hoc* treasury bills created in connection with the repatriation of sterling loans, rupee securities held in the Issue Department fell from Rs.174·47 crores on the 26th March 1943 to Rs.58·33 crores on the 31st March 1944. The holding of rupee coin, including one rupee notes, fluctuated between Rs.17·62 crores and Rs.11·52 crores, the amount held on the 31st March 1944 being Rs.12·26 crores.

VII. CURRENCY

A. Circulation and Absorption

65. *Circulation and Absorption of Notes.*—Statement XXXIII shows the year-end figures and annual averages of the total notes (exclusive of Government of India one rupee notes issued since 1940) issued and in circulation since the quinquennium ended 1913-14 together with the percentage rise or fall in the active circulation. Burma notes have been shown separately for the years 1937-38 to 1941-42. The year under review witnessed a further large expansion in note circulation, although at a more moderate rate than in 1942-43. The annual rate of increase during the year 1943-44 declined to 37 per cent. as compared with 69 per cent. in 1942-43, which was the highest recorded figure either in this war or the last, and 59 per cent. in 1941-42. The total amount of notes legal tender in India stood at Rs. 894·84 crores at the end of 1943-44 as compared with Rs.655·11 crores at the end of the previous year, and the average circulation for the year was Rs.777·17 crores as against Rs. 513·44 crores during 1942-43. The active circulation increased from Rs.643·58 crores at the end of 1942-43 to Rs.882·49 crores at the close of 1943-44. Of the total absorption of Rs.710·13 crores of notes since the 1st September 1939, when the active circulation of notes in India stood at Rs. 172·36 crores, the year under review accounted for Rs.238·91 crores or 34 per cent.

The year 1943-44 like the previous year was characterised by a net absorption of notes during all months of the year. The average monthly absorption during 1943-44 amounted to Rs.19·91 crores as against Rs.21·82 crores in 1942-43, Rs.11·77 crores in 1941-42 and Rs.1·29 crores in 1940-41. The minimum and maximum absorption at Rs.5·04 crores and Rs.46·43 crores occurred during September and December 1943 respectively, the latter being the highest monthly absorption on record. The absorption during the first half of the year amounted to Rs. 116·10 crores and during the second half to Rs.122·81 crores, the corresponding figures for 1942-43 being Rs.110·86 crores and Rs.150·99 crores respectively. The relatively low expansion during the second half of the year as compared with the second half of the previous year can be attributed to the re-absorption of currency as a result of vigorous loan and taxation programmes and official sales of gold.

66. *Absorption of Rupee Coin (including Government of India One Rupee Notes).*— There was a marked reduction compared with the previous years in the demand for rupee coin, the decline in the rate of absorption being considerably more pronounced than in the case of bank notes. The net absorption during the year amounted to Rs.23·14 crores as against Rs.44·93 crores during 1942-43 and Rs.128·01 crores since the 1st September 1939. Except for the month of September when there was a return of Rs.12 lakhs, the absorption of rupee coin continued throughout the year under review. The absorption during the first half of the year amounted to Rs.10·68 crores and during the second half to Rs.12·46 crores, the corresponding figures for 1942-43 being Rs.2·80 crores and Rs.42·13 crores respectively. A feature of the year was the growing popularity of the Government of India one rupee note. Even after the increase in supplies of quaternary rupees enabled issues of coin to the public to be made freely, a preference was shown in nearly all urban areas for the more convenient one rupee note. Rupee coin retained its popularity in the country districts, where the circulation of money is less rapid, and the more durable qualities of the coin as compared to the note is of greater importance.

Now that the standard silver rupee coin is no longer legal tender, the difficulty previously experienced in estimating the volume of rupee coin in circulation has to a large extent been eliminated. A fairly accurate estimate of the amount of current rupee coin in circulation can now be arrived at by taking the figures of quaternary rupees the issue of which commenced on the 23rd December 1940 and Government of India one rupee notes first issued on the 24th July 1940, so far absorbed by the public. On the 31st March 1944, the net absorption of coin and notes was Rs.133·05 crores.

During the year under review the Bank received from the Government of India, one rupee notes and coin, on eight occasions to the extent of Rs.21·04 crores in all under Section 36 of the Reserve Bank of India Act as amended in July 1940, against cancellations of *ad hoc* treasury bills, credits to the Central Government and transfers of rupee and sterling securities.

67. *Absorption of Small Coin.*—Statement XXXIV shows the annual absorption of small coin by denominations for each of the years 1919-20 to 1943-44 and average annual absorption for the last war and pre-war quinquenniums. The measures taken to reabsorb currency notes do not directly affect the circulation of small coin and the progressively heavy absorption of small coin which has been in evidence since the beginning of the war continued unabated during 1943-44, in

contrast to the trends in the circulation of notes and rupee coin. The absorption in India during the year rose further by 58·7 per cent. to Rs.18·46 crores as compared with Rs.11·64 crores in 1942-43, Rs.5·06 crores in 1941-42, Rs. 4·28 crores in 1940-41 and Rs.2·21 crores in 1939-40. The issue of small coin in 1943-44 accounted for 43·9 per cent. of the total absorption of Rs.42·08 crores since the 1st September 1939. As usual the absorption during the second half of the year which comprised the busy season was larger than during the first half, the respective figures being Rs.10·28 crores as against Rs.8·18 crores. The monthly absorption ranged between Rs.1·08 crores in April 1943 and Rs.2·15 crores in March 1944. Excluding the absorption of silver half rupee coin at Rs.5·41 crores, the net issue of the remaining denominations of small coin during the year amounted to Rs.13·05 crores, which is more than two and a half times the total absorption of Rs.5·11 crores during the entire period of the last war. The following table gives the absorption of small coin by denominations during the war as compared with the pre-war year 1938-39.

(In lakhs of rupees)

Denominations	1938-39	1939-40	Sept. 1939 to March 1940	1940-41	1941-42*	1942-43†	1943-44†	Sept. 1939 to March 1944
I SILVER								
8 annas	+ 2	+ 60	+ 77	+1,53	+1,57	+ 3,82	+ 5,41	+13,10
4 „	— 5	+ 31	+ 43	+1,02	+1,29	+ 2,97	+ 5,19	+10,90
Total Silver Coin	— 3	+ 91	+1,20	+2,55	+2,86	+ 6,79	+10,60	+24,00
II NICKEL								
4 annas	— 4	+ 8	+ 15	..	— 2	— 10	— 2	+ 1
2 „	+ 4	+ 48	+ 58	+ 72	+ 88	+ 2,22	+ 3,34	+ 7,74
1 anna	+ 6	+ 51	+ 53	+ 76	+ 99	+ 2,02	+ 3,11	+ 7,41
½ „	..	..	..	..	+ 4	+ 57	+ 1,14	+ 1,75
Total Nickel Coin	+ 6	+1,07	+1,26	+1,48	+1,89	+ 4,71	+ 7,57	+16,91
III COPPER								
Pice	+14	+ 21	+ 16	+ 23	+ 29	+ 13	+ 29	+ 1,10
Half Pice ..	+ 1	+ 1	+ 1	+ 1	+ 1	..	..	+ 3
Pie Pieces.. ..	+ 1	+ 1	+ 1	+ 1	+ 1	+ 1	..	+ 4
Total Copper Coin	+16	+ 23	+ 18	+ 25	+ 31	+ 14	+ 29	+ 1,17
V Total Small Coin	**+19**	**+2,21**	**+2,64**	**+4,28**	**+5,06**	**+11,64**	**+18,46**	**+42,08**

* Excluding Burma for February and March 1942. † Excluding Burma.

The largest proportional increases were in half anna pieces whose absorption rose by 100 per cent. from Rs.57 lakhs in 1942-43 to Rs.1,14 lakhs in 1943-44 and in pice pieces which rose from Rs.13 lakhs to Rs.29 lakhs in the same period. Silver accounted for 57·4 per cent., nickel for 41·0 per cent. and copper for 1·6 per cent. of the total absorption during the year, the corresponding percentages for the previous year being 58·3 per cent., 40·5 per cent. and 1·2 per cent. respectively.

The issues of small coin in the different Circles during the year under review are shown in the table below:—

(In thousands of rupees)

Circle	1942-43	1943-44	*Percentage increase*
Bombay	3,61,11	5,82,85	*+61·4*
Calcutta	4,36,53	6,43,36	*+47·4*
Cawnpore	1,35,34	2,50,27	*+84·9*
Karachi	20,42	33,94	*+66·2*
Lahore	71,48	1,37,13	*+91·8*
Madras	1,38,70	1,98,71	*+43·3*
Total ..	**11,63,58**	**18,46,26**	*+58·7*

Of the total absorption of small coin, Bombay and Calcutta accounted for Rs. 12·26 crores or 66·4 per cent.; the share of Calcutta being the greatest at 34·8 per cent.

In order to meet the still expanding demand for small coin, the mints at Bombay and Calcutta continued to work to capacity throughout the year; and in October the new mint at Lahore commenced operations. The monthly output of small coin of the three mints reached a figure of 168·2 million pieces in November 1943, and rose to 175·2 million pieces in March 1944. Production of the Bombay and Calcutta mints in March 1943 had been 136·0 million pieces. The mintage of one pice and two pice coin totalled 683 million pieces in 1943-44 as against 270 million pieces in 1942-43.

Although the volume of small coin issued to the public showed no tendency to decrease, the abnormal demand which daily led to long queues of people forming up at the counters of the Bombay and Calcutta offices of the Reserve Bank gradually subsided, and by January 1944, the knowledge that supplies of coin were readily available led to the virtual disappearance of queues at the Bank. The policy of making larger issues of coin, which it was found possible to adopt owing to the increased output of the mints combined with a greater measure of public confidence, resulted in small coin circulating more readily. Even with issues of small coin on their present scale, the public demand has not, however, been fully satisfied, and there is still a shortage of coin in certain mofussil areas, although this position is largely due to continued hoarding. The present abnormal demand for small change is mainly the result of the increase in general purchasing power especially of the lower group of incomes, and the scare caused by the previous dearth of small coin. The increased demand for small coin is not peculiar to India, but is a common feature of wartime conditions. In South Africa, the absorption of small silver and bronze coin rose from £70,000 in 1939-40 to £1,320,000 in 1942-43, while in the United Kingdom the output of silver, bronze and nickel-brass coins rose from 223⅓ million pieces in 1941 to over 355 million in 1942. The position in India has been greatly aggravated by a widespread hoarding of small coin due to the inability of the agriculturist to obtain rupee coin in sufficient quantities and a dislike of paper currency.

68. *Total Absorption of Currency.*—Statement XXXV gives the annual absorption of notes, rupee coin and small coin since 1914-15. Statement XXXVI gives similar figures on a monthly basis for 1943-44 and 1942-43. The total absorption of currency including small coin during the year was lower at Rs.280·51 crores as against Rs.318·42 crores in 1942-43 and compares with a total absorption of Rs. 199 crores during the last war period between 1914-15 and 1918-19.

69. *Wartime Absorption of Currency.*—The following table gives the wartime absorption of currency since September 1939 :—

(In lakhs of rupees)

	Notes	Rupees*	Small Coin	Total
September 1939 to March 1940 ..	59,66	19,55	2,64	81,85
April 1940 to March 1941	19,11	33,22	4,28	56,61
„ 1941 „ „ 1942	152,40	7,17	5,06‡	164,63
„ 1942 „ „ 1943†	261,85	44,93	11,64	318,42
„ 1943 „ „ 1944†	238,91	23,14	18,46	280,51
Total ..	**731,93**	**128,01**	**42,08**	**902,02**

* The figures of absorption are based on changes in the amount of rupee coin held in the Issue and Banking Departments. † Excluding Burma. ‡ Excluding Burma for February and March 1942.

The accompanying two graphs show the wartime absorption of currency. The graph at page 67 shows absorption during the war years 1941-42 to 1943-44, separately for (*i*) notes, (*ii*) rupees and (*iii*) small coin. The linear diagram in the second graph at page 68 shows the progressive absorption of notes, rupees and small coin since the beginning of the war, while the bar diagram depicts the absorption month by month, for the entire period of the war, of notes, rupees and small coin separately.

70. *Seasonal Absorption.*—The normal seasonal ebb and flow of currency have been overborne by the large issues of currency throughout the year as the wartime requirements of Government are unaffected by seasons. The following table shows the seasonal fluctuations in the demand for currency from 1939-40, the period September to February being regarded as the busy season and March to August as the slack season. From this it will be seen that in the year under review the currency absorption in the slack season was actually greater than during the busy period. This was mainly the result of the cumulative effects of the various measures taken by Government throughout the year to absorb surplus currency.

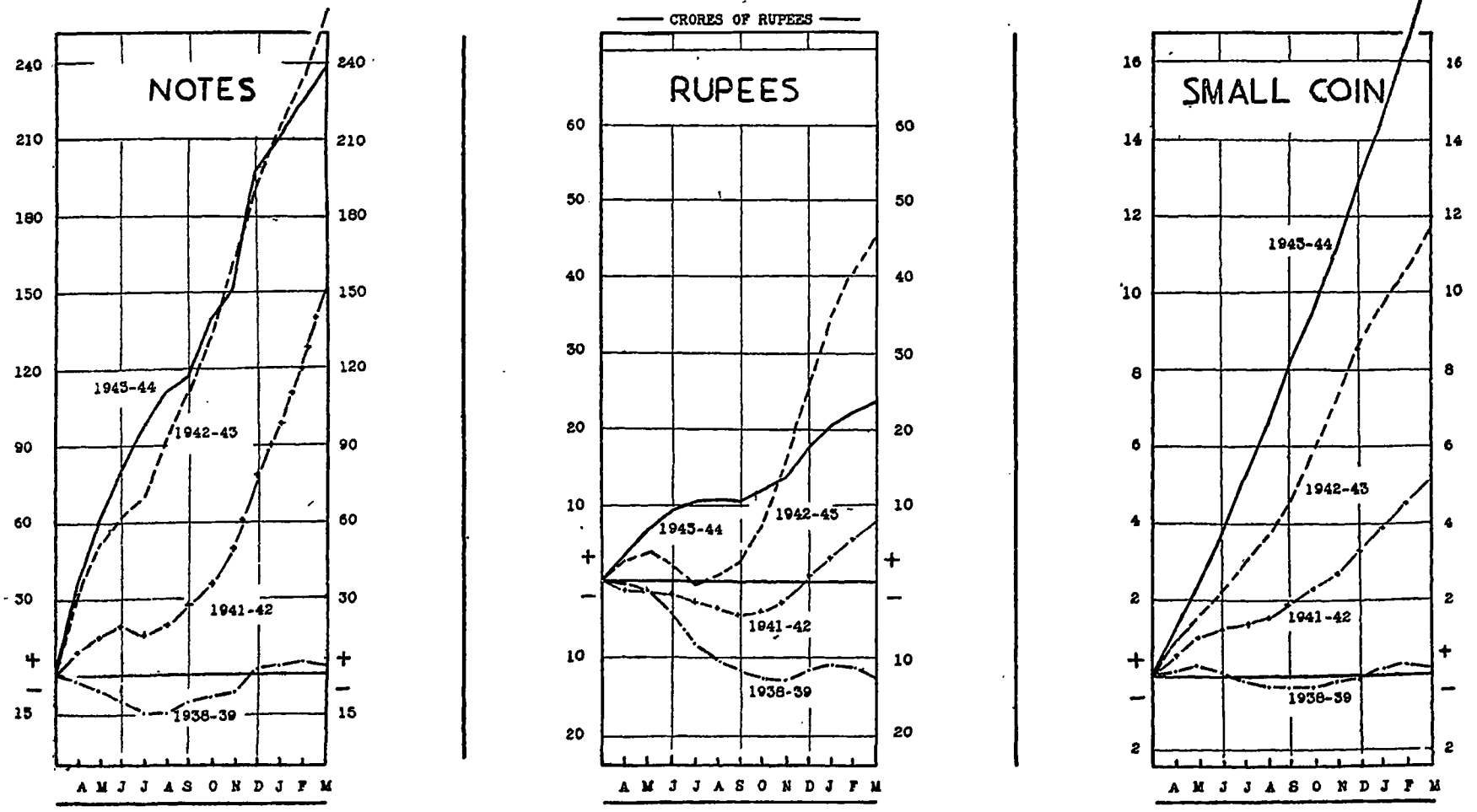
(In lakhs of rupees)

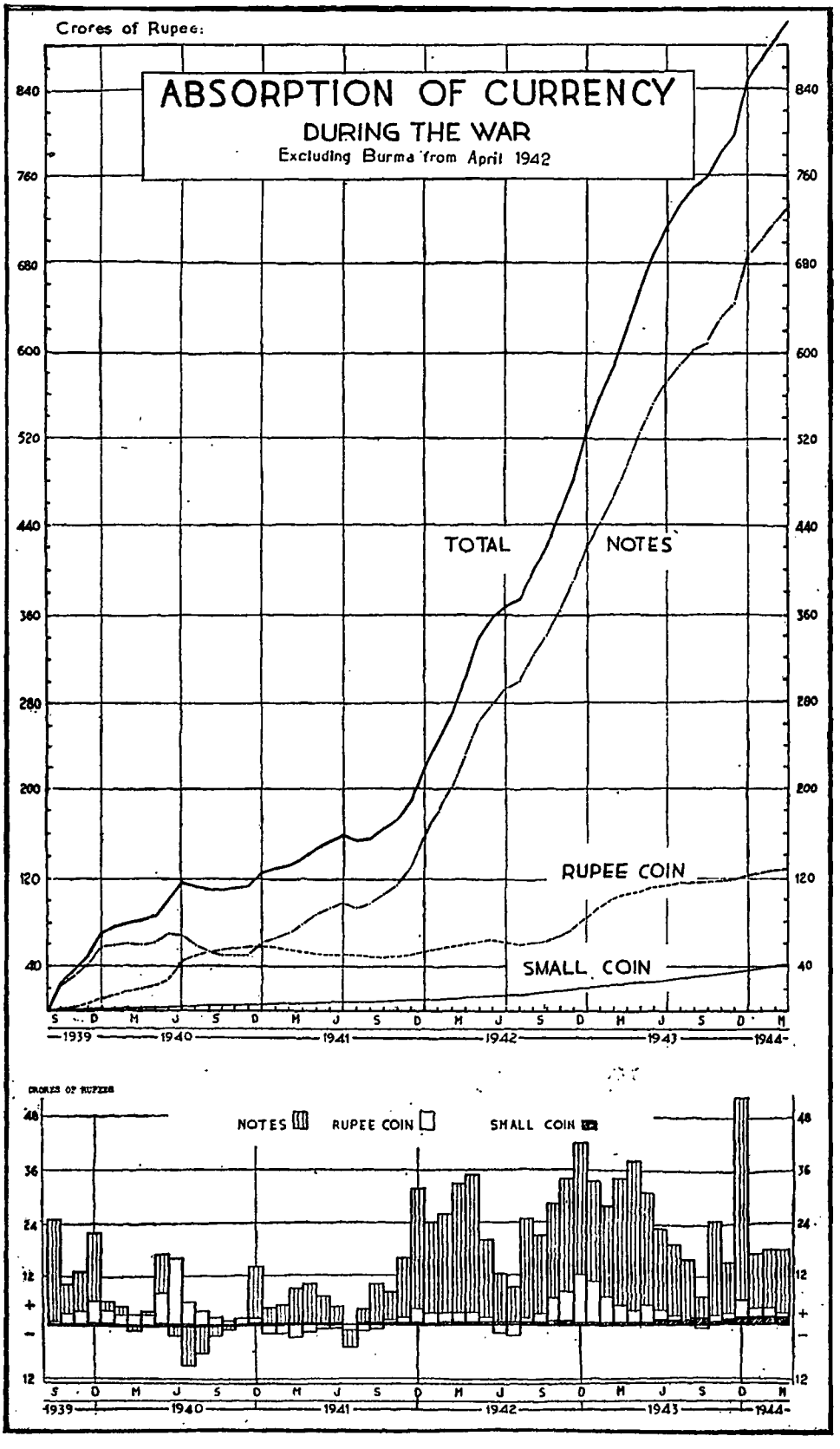
	Slack season (March to August)			Busy season (September to February)		
	Notes	Rupee Coin	Total	Notes	Rupee Coin	Total
1939-40	— 12,32	— 10,74	— 23,06	+ 60,66	+ 17,21	+ 77,87
1940-41	— 8,06	+ 35,52	+ 27,46	+ 17,99	+ 2,32	+ 20,31
1941-42	+ 27,11	— 6,08	+ 21,03	+ 103,09	+ 8,99	+ 112,08
1942-43*	+ 122,91	+ 2,73	+ 125,64	+ 140,10	+ 40,04	+ 180,14
1943-44*	+ 140,28	+ 14,91	+ 155,19	+ 112,86	+ 11,16	+ 124,02

* Excluding Burma figures from April 1942.

71. *Note Circulation and Demand Deposits.*—The table on page 69 gives a comparison of the wartime expansion in note circulation with the changes in scheduled banks' demand deposits.

ABSORPTION OF -1- NOTES, -2- RUPEES AND -3- SMALL COIN, 1941-42—1943-44




Crores of Rupees
ABSORPTION OF CURRENCY
DURING THE WAR
Excluding Burma from April 1942
840
760
680
600
520
440
360
280
200
120
40
TOTAL
NOTES
RUPEE COIN
SMALL COIN
S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A
1939
1940
1941
1942
1943
1944
CRORES OF RUPEES
NOTES
RUPEE COIN
SMALL COIN
48
36
24
12
+
−
12

(In crores of rupees)

		1939-40	1940-41	1941-42		1942-43		1943-44	
		Sept.-Mar.		April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March
1	Note circulation at the end of period	225	241	270	388	498	651	764	882
2	Increase during the period	+53	+16	+29	+118	+110	+153	+113	+118
3	*Percentage Increase* ..	*+31*	*+ 7*	*+12*	*+ 44*	*+ 28*	*+ 31*	*+ 17*	*+ 15*
4	Demand Deposits at the end of period ..	143	172	209	227	318	370	460	524
5	Increase during the period	+ 9	+29	+ 37	+ 18	+ 91	+ 52	+ 90	+ 64
6	*Percentage Increase* ..	*+ 6*	*+20*	*+ 22*	*+ 9*	*+ 40*	*+ 16*	*+ 24*	*+ 14*

It was pointed out last year that underlying the general upward trend in monetary circulation there is, during the first half of the year corresponding to the slack season in trade, a greater relative increase in demand deposits than in notes issued, while a larger comparative expansion in note circulation than in deposits occurs in the second half of the year which corresponds to the busy season. Owing to the steadily increasing circulation the seasonal fluctuations in the demand for currency are no longer noticeable. The relatively large expansion in demand deposits noticed in the previous year continued in the year under review. While this reflected the general state of public confidence it was also illustrative of the plethoric money conditions and the general relative inactivity of monetary circulation as a whole. The latter is now an almost universal wartime phenomenon. The indices of the turnover of demand deposits in India illustrate the declining trend in the velocity of deposits during the war years, as is shown in the following statement.

Year	Average Demand Liabilities of Scheduled Banks*	*Indices*	Total Clearing House Returns*	*Indices*	Number of times 4 to 2
(1)	(2)	(3)	(4)	(5)	(6)
1938-39 ..	123·8	*100*	1,929	*100*	15·6
1939-40 ..	132·6	*107*	2,211	*115*	16·7
1940-41 ..	155·8	*126*	2,019	*105*	13·0
1941-42 ..	200·1	*162*	2,569	*133*	12·8
1942-43 ..	306·3	*247*	2,773	*144*	9·1
1943-44 ..	456·6	*369*	4,349	*225*	9·5

* In crores of rupees.

It is not possible to determine accurately the turnover of bank deposits in India but a comparison of the ratio of clearings to scheduled bank liabilities furnishes an approximate and general idea of changes in the activity of bank deposits. During the year under review cheque clearings recorded an unprecedented increase of 56·8 per cent. compared with a rise of 49·1 per cent. in demand deposits and as a result the ratio of the former to the latter which had been progressively declining from 16·7 in 1939-40 to 9·1 in 1942-43 showed a slight rise to 9·5 in 1943-44.

72. *Encashment of Foreign Circle Notes.*—Statement XXXVII shows the encashment of foreign circle notes in 1943-44. The total encashments during the year were higher at Rs.23·96 crores as against Rs.16·36 crores in 1942-43. The increase in the amount of foreign circle notes encashed this year appears to be due to an increased volume of commercial transactions effected on a cash basis, the large scale purchases by army contractors, and transfers of funds from one centre to another by military field cashiers.

B. Miscellaneous matters connected with Currency and Coinage.

73. *Changes in the Form of Notes.*—During the year under review the first bank notes bearing the signature of the present Governor of the Reserve Bank, Sir Chintaman D. Deshmukh, were issued to the public. The first issues which were of the denominations of Rs. 10 and Rs. 2 were made from Calcutta on the 29th February and 3rd March 1944 respectively. There was no other change in respect of denominations or pattern of notes during 1943-44.

74. *Encashment of Burma Notes.*—The stringent restrictions on the import of Burma notes into India and on their encashment, detailed in paragraph 75 of last year's Report, continued to be enforced. In January 1944, the Government of India further extended the restrictions on the import of currency notes from Burma by the issue of a notification prohibiting the import into British India across any of the Customs frontiers lying to the east of India or to the north of Assam of any currency or bank notes which were legal tender in British India. The effect of this order was to ban the import of both Government of India one rupee notes, which were also legal tender in Burma, and of Reserve Bank of India Indian notes, of which there were still a number circulating in Burma, although no longer legal tender there. Licences for the import of notes covered by this order as well as of Burma notes carried by evacuees were issued by Refugee Officers on Frontier Posts in approved cases.

The total amount of Burma notes encashed during each of the three years 1941-42 to 1943-44 is given below :—

		Rs.
(1)	1941-42 (Since 5th January 1942) ..	1,05,39,780
(2)	1942-43	5,29,20,095
(3)	1943-44	38,64,535

75. *Circulation of Notes by Denominations.*—Statement XXXVIII shows the relative popularity of the different denominations of notes. Notes of all denominations excepting the Rs.50, issues of which further declined from Rs.46 lakhs to Rs.37 lakhs, contributed as in the previous year to the large expansion of paper currency during 1943-44. The Rs.2 denomination which had been introduced in February 1943 to relieve the strain on one rupee notes is slowly gaining in popularity. This is in contrast to the Rs.2½ notes introduced during the last war which never formed more than 0·4 per cent. of the circulation. The composition of the note circulation was similar to that in 1942. The Rs.10 note continued to be the most popular although the progressive decline in the relative proportion of these notes to the total issue, which has been noticeable since 1939 continued. Ten rupee notes accounted for

36 per cent. of the total as against 37 per cent. in the previous year, while the proportion of the Rs.100 note, which comes next in popularity, remained on the high level of the previous year at 35 per cent. The proportion of Rs.1,000 notes rose further to 10·9 per cent. from 9·3 per cent. in 1942. The relative proportion of Rs.5 and Rs.10 notes together dropped to 53 per cent. as against 56 per cent. in 1942 and 61 per cent. in 1939, while that of Rs.100 and Rs.1,000 further advanced to 46 per cent.

76. *Old Notes.*—Section 34 of the Reserve Bank of India Act provides that any currency note or bank note which has not been presented for payment within 40 years from its date of issue shall be deemed to be no longer in circulation. The value of currency notes written off under this section during 1943-44 amounted to Rs.2,11,260 compared with Rs.1,22,740 in the previous year. Notes amounting to Rs.900 which had been previously written off under this section were presented for payment and were paid by the Banking Department during the year. The following table gives the value of notes written off and refunded for the past three years.

	1941-42	1942-43	1943-44
Value of Notes written off at the end of the year	101,880	122,740	211,260
Value of Notes refunded during the year	5,320	7,180	900

77. *Lost, Destroyed and Mutilated Notes.*—The table below gives the details of lost or wholly destroyed, half, and mutilated notes in respect of which claims were admitted in India during the year under review.

	No. of claims admitted	No. of pieces	Amount of claims admitted	Amount paid against claims
Lost or wholly destroyed notes	192	384	72,250	16,650*
Half notes	882	2,375	3,03,980	55,160
Mutilated notes	52,095	2,14,790	14,75,963	13,27,454

* Represents amount paid during 1943-44 in respect of claims admitted in previous years.

78. *Note Forgeries.*—The total number of forged notes (including Government of India one rupee notes) received during the year was 13,239 compared with 14,566 in 1942-43 and was distributed as follows :—

Year	Re. 1 Old Notes	Re. 1 Government of India Notes	Rs. 2	Rs. 2½	Rs. 5	Rs. 10	Rs. 50	Rs. 100	Rs. 1,000
1943-44 ..	1	8,560	1,280	1	210	3,140	..	17	30
1942-43 ..	..	11,580	..	..	40	2,803	2	138	3
1941-42 ..	38	7,196	..	..	78	818	1	57	..

The largest number of forgeries, was again in respect of Government of India one rupee notes, being 65 per cent. of the total, another 24 per cent. being accounted for by Rs.10 notes. As may be seen from the above table a large number of forged notes of Rs.2 denomination at 1,280 or 10 per cent. of the total were received during the year. The number of cases of forgery detected in Calcutta was 4,867, in Bombay 4,375, in Cawnpore 1,999 and in Lahore 1,408. The following table gives certain particulars regarding prosecutions on account of forgeries for the past three years.

Year	Fresh prosecutions	Pending at the end of the previous year	Total trials	Discharges	Convictions	Pending
1943-44	22	13	35	11	10	14
1942-43	47	7*	54	22	19	13
1941-42	31	29	60	23	27	10

* The results of three cases pending at Rangoon at the end of 1941-42 are not known.

79. *Coinage.*—Statement XXXIX gives mintage of rupee coin since 1835. Rupees were not minted between 1922 and 1940. Rupee coin minted during 1943 amounted to Rs.6·70 crores against Rs.23·75 crores during 1942. The following table gives the total mintage of rupee coin and the various denominations of small coin during 1943-44 at the Bombay, Calcutta and Lahore mints.

Denomination	Bombay Mint		Calcutta Mint		Lahore Mint		Total	
	Rs.	a.	Rs.	a.	Rs.	a.	Rs.	a.
Quaternary Rupees	6,49,00,636	0	....		98,00,000	0	**7,47,00,636**	**0**
,, Half Rupees ..	4,04,50,000	0	....		2,02,50,000	0	**6,07,00,000**	**0**
,, Quarter Rupees	3,45,00,000	4	1,74,10,892	12	59,25,000	0	**5,78,35,893**	**0**
Nickel 2 annas	3,50,72,500	0	....		....		**3,50,72,500**	**0**
,, 1 anna	74,62,000	0	2,50,30,000	0	....		**3,24,92,000**	**0**
,, ½ ,, ...	....		1,44,78,000	0	....		**1,44,78,000**	**0**
Single Pice	32,64,800	0	....		1,64,187	8	**34,28,987**	**8**
Total ..	**18,56,49,936**	**4**	**5,69,18,892**	**12**	**3,61,39,187**	**8**	**27,87,08,016**	**8**

The mintage of quaternary rupee coin up to the end of March 1944 amounted to Rs.61·76 crores.

With a view to preventing counterfeiting the Government of India directed by their notification No. D. 7506-F/43 dated the 15th July 1943 that the quarter rupee coin minted during and after August 1943 should have the same security edge as the present quaternary rupees and half rupees. The new quaternary quarter rupees were first issued from the Bombay Office of the Bank on the 6th August 1943, but the standard silver quarter rupees continued to be legal tender.

80. *Withdrawal of Silver Coin.*—As noted in the previous Reports, all Victoria and King Edward VII rupee and half rupee coins were withdrawn with effect from the 1st April 1941 and the 31st May 1942 respectively, and King George V and King George VI standard silver rupees and half rupees with effect from the 1st May 1943. These coins continued to be accepted at the offices of the Reserve Bank of India up to the 1st November 1943. The return of coins was however meagre as, since the end of March 1943, the average price of silver has been higher than the melting point of the standard silver rupee which is Rs.109-2-0 per 100 tolas. As standard silver coins have been demonetised it is no longer illegal to hoard or melt them, or to purchase or sell them at a value other than their face value; consequently, large quantities of coin have been hoarded or melted and sold for their bullion content.

The amount of silver coin including half-rupees, quarter rupees and one eighth rupees withdrawn from circulation during 1943-44 is given below :

	(In lakhs of rupees)
William IV 1835	0·06
Queen Victoria 1840	0·35
Standard Silver Rupees	530·00
Other uncurrent coin	2·58
Defective Quaternary Rupees	0·17
**Total .. ..

STATEMENT I.

INDEX NUMBERS OF WHOLESALE PRICES AND COST OF LIVING IN INDIA AND CERTAIN OTHER COUNTRIES SINCE 1938.

(1929 = 100)

(Reference paragraph 12)

	India		U.K.		U.S.A.		Canada		Germany		Japan	
	Calcutta	Bombay										
(Original Base :—	P *July 1914*	C* *July 1933 to June 1934*	P *1930*	C *July 1914*	P *1926*	C *1935-39*	P *1926*	C *1935-39*	P *1913*	C *1928-30*	P *Oct. 1900*	C *July 1914)*
Year and month	1	2	3	4	5	6	7	8	9	10	11	12
1938	68	106	89	95	82	86	82	84	77	82	114	110
1939	76	106	90	96	81	84	79	83	78	82	126	123
1940	85	112	120	113	82	85	87	87	80	84	142	143
1941	99	124	134	121	92	89	94	92	82	87	150	145
1942	131	157	140	122	104	95	100	96	84	89	162	149
1943	218	230	143	121	108	101	105	97	85	90	172	158
1939 August	71	105	86	95	79	84	76	83	78	83	124	123
September	81	106	92	101	83	86	82	83	78	82	131	128
October	84	108	97	103	83	86	83	85	78	82	133	129
November	93	109	104	105	83	86	84	85	78	82	136	130
December	97	113	107	106	83	85	85	85	78	82	143	133
1940 January	92	114	110	108	83	85	86	85	79	82	146	136
February	89	112	112	109	82	86	87	85	79	83	144	138
March	86	110	113	109	82	85	87	86	80	84	142	140
April	86	110	116	110	82	85	87	86	80	84	143	143
May	83	111	117	110	82	85	86	86	80	85	142	145
June	81	111	118	114	81	85	85	86	80	85	140	145
July	81	113	122	113	82	86	86	87	81	86	139	147
August	82	114	123	114	81	85	86	87	81	86	139	146
September	84	112	124	115	82	86	87	87	81	85	140	146
October	86	113	125	117	83	85	87	88	81	85	141	144
November	87	113	129	119	84	85	88	89	81	85	141	144
December	85	115	130	120	84	86	88	89	81	85	142	144
1941 January	86	117	131	120	85	86	88	89	81	85	143	143
February	84	119	131	120	85	86	89	89	81	86	144	143
March	87	119	132	121	86	86	90	89	81	86	147	144
April	90	121	132	122	87	87	91	89	82	86	148	144
May	92	122	132	122	89	87	93	90	82	87	148	146
June	97	122	133	121	91	88	94	91	82	87	151	146
July	106	126	134	121	93	89	95	92	82	88	152	145
August	107	131	134	121	95	89	96	93	82	88	151	145
September	106	129	135	122	96	91	97	94	82	87	153	144
October	107	125	135	122	97	92	98	95	82	86	153	144
November	111	126	136	123	97	93	98	96	82	86	155	145
December	109	129	137	122	98	93	98	95	82	86	158	148
1942 January	110	137	137	122	101	91	99	95	83	87	160	148
February	109	135	139	122	102	92	99	95	83	88	160	148
March	109	137	139	122	102	93	99	95	83	88	161	148
April	111	138	140	121	104	93	99	95	83	89	161	148
May	120	142	141	122	104	94	100	95	83	89	161	148
June	129	152	140	121	104	94	100	96	83	90	161	149
July	129	168	140	122	104	95	101	97	84	91	161	149
August	136	168	139	123	104	96	100	97	84	90	163	149
September	140	170	139	122	105	96	100	96	84	88	163	150
October	148	172	140	122	105	97	101	97	84	88	162	150
November	161	178	141	122	105	98	101	98	84	88	163	151
December	169	188	141	122	106	98	101	98	84	88	163	151
1943 January	177	203	142	121	107	98	102	96	85	89	166	151
February	179	205	142	121	108	98	102	96	85	89	166	154
March	193	208	142	121	108	100	103	96	85	89	166	155
April	208	225	142	121	109	101	103	97	85	90	170	158
May	230	227	143	121	109	102	104	97	85	90	170	157
June	226	235	143	121	109	102	104	97	85	91	172	158
July	235	236	144	122	108	101	105	98	86	92	173	158
August	245	238	142	121	108	100	105	98	86	92	173	158
September	248	245	143	121	108	101	106	98	85	89	174	161
October	237	248	142	121	108	101	107	98	85	89	175	161
November	223	248	142	121	108	101	107	98	85	90	176	163
December	213	247	143	121	108	101	107	98	85	90	178	163
1944 January	211	238	144	121	108	101	107	98	85	91	..	165
February	213	230	144	122	109	101	107	98	..	91	..	..
March	211	226	144	122	109	101	107	98	..	..	..	..

*Base not shifted. P—Wholesale Prices. C—Cost of Living.

Sources: Calcutta—Indian Trade Journal (P); Bombay—Labour Gazette (C); U.K.—Board of Trade (P); Ministry of Labour (C); U.S.A.—Bureau of Labour Statistics (P.C.); Canada—Dominion Bureau of Statistics (P.C.); Germany—Monthly Bulletin of Statistics, League of Nations (P.C.); Japan—Bank of Japan (P.C.).

STATEMENT II

INDEX NUMBERS OF WHOLESALE PRICES IN INDIA BY GROUPS OF ARTICLES, SINCE 1939-40*

(Week ended 19th August 1939=100; Source: Economic Adviser to the Government of India)

(*Reference paragraph* 12)

Year and Month	Food and Tobacco (8)	Other Agricultural commodities (3)	Raw Materials (7)	All primary commodities (18)	Manufactured articles (5)	Chief articles of export (15)	General Index	Certain Industrial Articles						
								Sugar	Kerosene	Petrol	Cotton Manufactures	Jute Manufactures	Cement	Galvanised corrugated Sheets
1939-40* ..	**118·5**	**157·4**	**119·3**	**124·3**	**131·9**	**131·3**	**126·0**	**118·2**	**109·7**	**109·3**	**117·3**	**181·8**	**109·3**	**125·6**
1940-41 ..	**107·4**	**113·3**	**121·5**	**113·5**	**120·4**	**114·2**	**114·9**	**100·9**	**122·6**	**124·7**	**117·7**	**132·3**	**114·4**	**138·3**
1941-42 ..	**122·0**	**129·9**	**146·7**	**132·4**	**154·4**	**137·1**	**136·8**	**102·9**	**138·4**	**135·5**	**176·6**	**181·3**	**118·5**	**212·4**
1942-43 ..	**172·0**	**157·3**	**165·6**	**166·5**	**190·6**	**162·4**	**171·4**	**126·8**	**184·9**	**163·4**	**308·8**	**184·5**	**136·4**	**259·0**
1943-44 ..	**294·4**	**217·0**	**185·1**	**233·4**	**251·8**	**237·3**	**237·3**	**146·1**	**186·2**	**167·0**	**451·0**	**248·8**	**175·4**	**340·7**
Sept. 1939..	107·6	118·1	103·2	107·6	110·4	110·0	**108·2**	109	94	100	105	131	105	110
Dec. „ ..	127·5	194·4	125·5	135·9	144·5	146·7	**137·8**	124	111	108	126	232	109	135
Mar. 1940 ..	118·8	159·0	127·2	128·0	133·9	134·6	**129·3**	122	117	119	123	161	114	128
June „ ..	106·3	119·2	117·0	112·4	120·0	112·9	**114·1**	122	117	121	118	121	117	131
Sept. „ ..	106.1	104.8	117.7	110.3	111.6	109.1	**110.5**	90	124	126	110	119	114	130
Dec. „ ..	107.7	104.7	126.2	114.0	119.7	115.4	**115.2**	90	124	126	117	134	112	131
Mar. 1941 ..	104.8	102.9	124.5	111.8	127.2	111.9	**114.9**	91	126	126	127	149	112	177
June „ ..	109.5	126.4	136.5	122.3	142.9	128.0	**126.4**	93	133	126	143	179	112	194
Sept. „ ..	127.5	150.0	146.5	138.3	166.3	147.7	**143.8**	97	136	129	190	210	119	227
Dec. „ ..	127.5	140.7	154.1	139.5	157.8	142.5	**143.3**	114	140	142	198	164	118	215
March 1942	130.5	116.8	162.4	139.4	162.5	138.7	**144.2**	121	157	161	193	173	133	222
1942-43														
April ..	136.5	114.9	162.3	141.9	162.5	139.7	**146.1**	127	167	162	193	169	133	222
May ..	144.7	120.7	158.1	145.3	160.0	139.3	**148.4**	129	177	163	199	153	133	218
June ..	152.3	131.5	162.1	152.3	166.5	147.2	**155.2**	120	177	163	212	163	133	227
July ..	155.8	145.7	162.3	156.5	172.7	152.2	**159.9**	120	177	163	242	161	134	236
August ..	158.9	136.0	162.4	156.1	174.6	151.0	**160.0**	120	177	163	258	159	133	239
September..	161.0	152.5	163.1	160.4	179.2	154.5	**164.3**	120	188	163	282	163	133	245
October ..	167.2	169.6	165.3	166.8	188.5	161.7	**171.4**	120	194	163	300	181	133	256
November..	172.4	168.2	168.6	170.2	203.6	166.3	**177.0**	120	194	163	339	262	133	276
December ..	178.5	177.9	171.3	175.6	221.5	171.3	**184.7**	120	194	163	414	219	137	299
January ..	190.8	183.3	171.5	182.0	224.1	177.2	**190.4**	138	194	163	415	226	145	303
February ..	207.0	193.8	172.0	190.5	225.5	187.6	**197.6**	143	194	166	427	222	146	305
March ..	247.8	215.3	172.0	210.0	227.0	210.5	**213.5**	143	194	166	437	220	145	307
1943-44														
April ..	283.7	225.1	174.2	225.9	235.6	229.9	**227.9**	143	194	166	469	232	145	319
May .	294.8	253.1	173.4	233.8	246.8	241.1	**236.7**	143	194	166	505	255	145	334
June ..	303.3	241.8	178.4	237.5	257.5	243.9	**241.7**	143	198	166	513	252	162	349
July ..	294.4	225.6	182.8	234.1	259.5	236.8	**239.3**	143	203	166	493	237	186	352
August ..	298.2	217.3	183.8	234.3	251.8	239.5	**238.0**	143	194	166	426	246	185	340
September..	298.5	212.4	181.4	232.4	251.3	238.3	**236.4**	143	177	166	417	247	182	340
October ..	303.4	219.5	184.6	236.8	255.8	243.8	**240.8**	143	178	166	417	253	182	345
November..	303.1	200.7	189.1	235.6	256.9	240.7	**240.1**	149	178	166	405	252	186	346
December ..	292.5	197.9	189.3	231.4	251.9	234.6	**235.7**	151	178	166	381	251	182	338
January ..	291.6	203.6	193.3	234.1	251.3	235.1	**237.8**	151	178	166	..	252	182	..
February ..	288.3	199.4	194.8	232.8	251.1	233.8	**236.7**	151	178	168	..	255	182	..
March ..	283.8	199.5	196.6	232.0	252.3	232.9	**236.3**	151	178	176	..	255	189	..

* For seven months ended March 1940.

STATEMENT III

Balance of Trade in Merchandise of British India, 1943-44

(*Reference paragraph* 14)

(In lakhs of rupees)

1942-43								1943-44							
Imports*	*Import Price Indices*†	Exports	*Export Price Indices*†	Re-exports	Total Exports	Balance of trade		Imports*	*Import Price Indices*†	Exports	*Export Price Indices*†	Re-exports	Total Exports	Balance of trade	
8,75	*111*	17,75	*86*	1,16	18,91	+ 10,16	April	9,37	*164*	15,63	*118*	51	16,14	+ 6,77	
8,51	*128*	13,15	*87*	1,09	14,24	+ 5,73	May.	7,91	*118*	16,38	*125*	36	16,74	+ 8,83	
8,63	*130*	13,11	*95*	64	13,75	+ 5,12	June	8,68	*137*	17,99	*129*	27	18,26	+ 9,58	
9,68	*110*	15,07	*89*	61	15,68	+ 6,00	July	7,65	*105*	12,66	*142*	1,17	13,83	+ 6,18	
10,73	*140*	14,88	*98*	99	15,87	+ 5,14	August	9,58	*159*	16,70	*126*	50	17,20	+ 7,62	
10,48	*132*	18,24	*99*	30	18,54	+ 8,06	September	8,93	*136*	13,97	*132*	49	14,46	+ 5,53	
9,86	*134*	14,02	*101*	34	14,36	+ 4,50	October	8,33	*145*	18,36	*124*	2,65	21,01	+ 12,68	
8,01	*119*	20,09	*108*	22	20,31	+ 12,30	November	9,72	*134*	19,88	*127*	3,03	22,91	+ 13,19	
8,13	*120*	18,62	*111*	46	19,08	+ 10,95	December	12,74	*155*	11,85	*126*	35	12,20	— 54	
9,44	*151*	12,37	*115*	38	12,75	+ 3,31	January	11,85	*120*	16,53	*132*	53	17,06	+ 5,21	
9,03	*120*	13,74	*120*	24	13,98	+ 4,95	February	11,72	*109*	23,18	*117*	56	23,74	+ 12,02	
9,20	*135*	16,59	*120*	64	17,23	+ 8,03	March	12,37	*138*	16,08	*124*	54	16,62	+ 4,25	
110,45	**130**	**187,63**	**102**	**7,07**	**194,70**	+ **84,25**	**Total**	**118,85**	**132**	**199,21**	**125**	**10,96**	**210,17**	+ **91,32**	

* Excluding value of railway materials imported direct by State Railways working under company management which are not paid for in the ordinary way and not therefore taken into account in arriving at the balance of trade. † Base 1927-28 = 100

STATEMENT IV

Highest, Lowest and Average Prices of Gold and Silver in Bombay and Import Duty on Silver since 1926-27

(*Reference paragraph* 20)

Year	Gold (per fine tola)			Silver (per 100 tolas gross)			Import duty
	Highest	Lowest	Average	Highest	Lowest	Average	
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1926–27	21 11 6	21 4 6	21 7 8	72 0 0	55 8 0	63 1 5	*Nil*
1927–28	21 11 3	21 4 9	21 7 6	61 2 0	56 8 0	59 3 7	,,
1928–29	21 11 6	21 4 6	21 6 10	66 6 0	58 2 0	60 9 2	,,
1929–30	22 0 0	21 5 3	21 7 5	59 7 0	46 14 0	53 9 11	,,
1930–31	21 13 3	21 3 6	21 12 6	57 4 0	39 0 0	46 15 1	9 6 0
1931–32+	31 2 0	21 3 6	24 4 3	66 8 0	41 12 0	50 3 11	14 1 0
1932–33+	32 1 6	26 10 0	29 5 2	60 0 0	48 14 0	52 11 4	14 1 0
1933–34+	34 12 0	28 11 0	32 4 5	59 14 0	52 15 0	56 0 10	17 9 3
1934–35+	36 13 3	33 3 0	35 15 8	69 0 0	50 7 0	60 13 5	11 11 6
1935–36+	36 12 0	31 3 6	35 4 11	87 0 0	46 12 0	65 1 1	4 11 0
1936–37+	35 8 0	33 15 3	34 12 6	56 2 0	47 0 0	50 5 8	4 11 0
1937–38+	35 2 9	34 3 6	34 7 10	55 15 6	46 1 6	51 4 1	7 0 6
1938–39+	37 10 6	34 12 3	35 10 3	53 1 6	48 2 0	51 11 3	7 0 6
1939–40+	43 8 0	36 9 0	39 13 11	66 4 0	44 7 6	55 4 9	7 0 6
1940–41+	48 8 0	40 2 6	42 6 0	64 13 0	62 11 0	62 8 0	7 0 6
1941–42	57 12 0	41 9 6	44 7 11	97 6 0	61 12 6	66 11 4	8 7 0
1942–43	72 0 0	44 12 0	57 10 10	116 8 0	75 4 0	94 2 6	8 7 0
1943–44	96 4 0	65 4 0	76 11 6	141 8 0	101 8 0	120 7 11	8 7 0

\+ Gold exported from India.

STATEMENT V

Highest, Lowest and Average Monthly Prices of Gold and Sovereigns in Bombay, 1943-44

(Reference paragraph 20)

Month 1943-44	Price of bar gold (per fine tola)						Price of sovereigns			Average estimated stock of gold during each month in Bombay (Tolas)
	Spot			Settlement						
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
April	96 4 0 (26th)	70 0 0 (13th)	80 10 2	93 0 0 (26th)	71 4 0 (1st & 2nd)	80 4 2	66 8 0 (26th)	51 4 0 (1st)	57 10 10	46,000
May	95 12 0 (1st & 2nd)	74 14 0 (27th)	89 6 3	95 0 0 (1st, 3rd & 15th)	85 8 0 (24th)	92 4 0	68 8 0 (1st)	56 12 0 (25th)	64 6 6	106,250
June	86 12 0 (1st)	78 4 0 (10th)	82 15 3	83 9 0 (25th)	80 14 6 (29th)	82 5 0	60 12 0 (1st)	56 8 0 (10th)	58 6 6	93,750
July	82 13 0 (1st)	65 4 0 (19th & 20th)	74 15 11	82 7 0 (1st)	62 10 0 (20th)	74 5 7	58 4 0 (2nd)	47 8 0 (19th)	53 7 2	40,000
August	76 12 0 (5th)	69 0 0 (17th)	72 12 2	76 5 0 (14th)	68 7 0 (19th)	72 0 2	52 10 0 (5th)	50 0 0 (18th)	51 5 7	37,500
September	78 2 0 (30th)	69 15 0 (9th)	73 6 4	78 4 0 (24th)	69 2 0 (9th)	73 4 2	54 8 0 (24th)	50 6 0 (9th)	52 1 9	125,000
October	86 7 0 (20th)	75 15 0 (5th)	81 0 5	87 0 0 (21st)	75 13 0 (4th)	80 15 8	58 0 0 (20th)	53 4 0 (4th)	55 8 8	230,000
November	79 2 0 (1st & 6th)	74 0 0 (2nd)	77 1 5	79 7 0 (6th)	74 0 0 (2nd)	76 13 0	54 0 0 (5th to 8th)	52 0 0 (1st & 12th)	53 0 0	125,000
December	76 9 0 (1st)	70 3 0 (27th)	72 13 6	75 10 0 (2nd)	68 14 0 (16th & 17th)	71 6 2	52 0 0 (1st, 2nd & 7th)	49 0 0 (17th, 22nd & 25th)	50 3 1	60,000
January	71 2 0 (3rd to 19th)	70 10 0 (22nd)	71 0 5	71 2 0 (10th)	69 15 0 (20th)	70 10 9	49 4 0 (3rd to 10th)	48 14 0 (20th)	49 2 7	93,750
February	71 10 0 (15th)	70 14 0 (11th & 17th)	71 0 2	71 10 0 (15th)	70 13 0 (1st)	70 15 3	49 9 0 (15th)	49 0 0 (12th)	49 2 2	225,000
March	80 0 0 (30th)	70 1 6 (9th)	71 13 6	79 8 0 (29th)	70 10 0 (4th)	71 12 10	54 12 0 (29th)	49 0 0 (3rd & 4th)	49 11 8	425,000

The price of gold in the United States was unchanged at $35 per fine ounce.

STATEMENT VI

WEEK-END PRICES OF GOLD AND SILVER AND ESTIMATED STOCK IN BOMBAY, 1943-44

(Reference paragraph 20)

Date	Gold (per fine tola)										Silver (per 100 tolas gross)									
	Spot			Settlement			Premium of ready over settlement rate			Estimated stock (Tolas)	Spot			Settlement			Premium of ready over settlement rate			Estimated stock (Bars)
1943-44	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.		Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	
April 2 ..	71	5	0	71	4	0	0	1	0	50,000	110	15	0	110	5	0	0	10	0	1,500
„ 9 ..	77	2	0	77	1	0	0	1	0	50,000	115	2	0	115	0	0	0	2	0	1,500
„ 16 ..	79	5	0	79	1	0	0	4	0	55,000	116	12	0	116	4	0	0	8	0	1,500
„ 23* ..	91	4	0	89	8	0	1	12	0	50,000	124	12	0	124	8	0	0	4	0	1,500
„ 30 ..	90	8	0	90	0	0	0	8	0	25,000	129	12	0	127	12	0	2	0	0	1,000
May 7 ..	94	8	0	94	0	0	0	8	0	100,000	136	8	0	134	4	0	2	4	0	1,000
„ 14 ..	94	0	0	93	12	0	0	4	0	100,000	135	4	0	133	12	0	1	8	0	1,500
„ 21* ..	89	2	0	89	2	0	..			100,000	132	12	0	130	12	0	2	0	0	1,500
„ 28 ..	76	0	0	..			..			125,000	120	0	0	..			..			2,000
June 4 ..	82	8	0	..			..			100,000	126	0	0	..			..			1,500
„ 11 ..	81	0	0	..			..			125,000	123	0	0	..			..			1,500
„ 18 ..	82	4	0	..			..			75,000	126	8	0	..			..			1,500
„ 25 ..	83	13	0	..			..			75,000	124	9	0	..			..			2,000
July 2 ..	81	10	0	80	12	0	0	14	0	50,000	121	12	0	120	12	0	1	0	0	1,500
„ 9 ..	79	8	0	79	6	0	0	2	0	50,000	120	8	0	119	14	0	0	10	0	1,500
„ 16 ..	76	1	0	75	14	0	0	3	0	50,000	115	13	0	115	4	0	0	9	0	1,500
„ 23 ..	69	12	0	68	12	0	1	0	0	25,000	102	12	0	100	10	0	2	2	0	1,500
„ 30 ..	72	11	0	71	14	0	0	13	0	25,000	108	3	0	105	0	0	3	3	0	800
August 6 ..	73	8	0	73	4	0	0	4	0	50,000	109	8	0	107	4	0	2	4	0	700
„ 13 ..	75	8	0	75	7	0	0	1	0	25,000	112	1	0	111	8	0	0	9	0	800
„ 20 ..	71	8	0	69	14	0	1	10	0	50,000	110	8	0	108	14	0	1	10	0	1,000
„ 27 ..	70	10	0	70	6	0	0	4	0	25,000	108	12	0	108	4	0	0	8	0	1,000
September 3* ..	70	8	0	70	8	0	..			100,000	117	6	0	116	2	0	1	4	0	700
„ 10 ..	70	6	0	70	2	6	0	3	6	75,000	115	7	0	114	14	0	0	9	0	1,000
„ 17 ..	73	11	0	73	10	0	0	1	0	125,000	118	4	0	117	14	0	0	6	0	800
„ 24 ..	77	13	0	77	6	0	0	7	0	200,000	123	6	0	122	8	0	0	14	0	1,000
October 1* ..	77	8	0	77	8	0	..			250,000	123	10	0	122	14	0	0	12	0	1,200
„ 8* ..	78	9	0	78	9	0	..			200,000	125	6	0	124	11	0	0	11	0	1,000
„ 15 ..	82	2	0	82	1	0	0	1	0	200,000	126	0	0	125	4	0	0	12	0	1,500
„ 22 ..	84	8	0	84	9	0	—0	1	0	250,000	127	10	0	127	4	0	0	6	0	1,500
„ 29 ..	79	2	0	81	6	0	—2	4	0	250,000	122	12	0	124	3	0	—1	7	0	1,500
November 5 ..	78	12	0	78	8	0	0	4	0	150,000	122	8	0	121	12	0	0	12	0	1,500
„ 12 ..	76	3	0	75	12	0	0	7	0	100,000	120	2	0	119	2	0	1	0	0	1,000
„ 19 ..	77	2	0	76	7	0	0	11	0	100,000	123	5	0	122	6	0	0	15	0	1,000
„ 26 ..	77	3	0	76	15	0	0	4	0	150,000	125	4	0	124	12	0	0	8	0	1,000
December 3 ..	75	1	0	74	5	0	0	12	0	50,000	122	2	0	121	8	0	0	10	0	1,000
„ 10 ..	73	12	0	72	10	0	1	2	0	50,000	116	4	0	115	8	0	0	12	0	1,000
„ 17 ..	71	4	0	68	14	0	2	6	0	25,000	113	12	0	111	0	0	2	12	0	1,000
„ 24 ..	71	4	0	69	12	0	1	8	0	75,000	114	12	0	112	12	0	2	0	0	800
„ 31 ..	71	2	0	70	4	0	0	14	0	100,000	116	8	0	113	8	0	3	0	0	500
January 7* ..	71	1	0	70	12	0	0	5	0	75,000	122	4	0	118	4	0	4	0	0	250
„ 14* ..	71	2	0	70	11	0	0	7	0	150,000	120	2	0	116	12	0	3	6	0	500
„ 21 ..	70	12	0	70	2	0	0	10	0	100,000	118	4	0	116	0	0	2	4	0	500
„ 28 ..	71	0	0	71	0	0	..			50,000	121	0	0	120	0	0	1	0	0	500
February 4 ..	71	0	6	70	14	0	0	2	6	200,000	122	14	0	120	6	0	2	8	0	500
„ 11 ..	70	14	0	70	13	6	0	0	6	250,000	124	2	0	122	0	0	2	2	0	250
„ 18 ..	70	15	6	70	15	6	..			300,000	126	6	0	124	12	0	1	10	0	300
„ 25* ..	71	0	3	71	0	3	..			150,000	125	6	0	123	2	0	2	4	0	350
March 3 ..	70	11	0	70	10	0	0	1	0	75,000	125	2	0	123	2	0	2	0	0	400
„ 10* ..	71	0	6	70	14	9	0	1	9	50,000	126	9	0	123	1	0	3	8	0	350
„ 17 ..	71	0	3	71	0	0	0	0	3	100,000	128	12	0	126	0	0	2	12	0	350
„ 24 ..	71	0	6	71	1	0	—0	0	6	400,000	133	4	0	130	12	0	2	8	0	450
„ 31 ..	73	12	0	73	12	0	..			1,500,000	134	0	0	131	0	0	3	0	0	500

* Market closed; preceding working day's quotations given.

STATEMENT VII

Price of Silver in London, New York and Bombay, 1943-44

(Reference paragraph 23)

Month 1943-44	Price in London (per standard ounce) Highest, Lowest, Average. d.	Market price in New York (per fine ounce) Highest, Lowest, Average. Cents.	Price in Bombay (per 100 tolas gross) Spot Highest Rs. a. p.	Spot Lowest Rs. a. p.	Spot Average Rs. a. p.	Settlement Highest Rs. a. p.	Settlement Lowest Rs. a. p.	Settlement Average Rs. a. p.	Average estimated stock during each month in Bombay (in bars of 2,800 tolas)
April	23½	44¾	135 0 0 (26th)	110 2 0 (2nd)	118 11 10	129 8 0 (26th)	110 4 0 (1st)	117 12 8	1,400
May	23½	44¾	139 0 0 (3rd)	118 0 0 (28th)	131 0 11	135 0 0 (3rd & 15th)	129 0 0 (19th)	132 6 5	1,500
June	23½	44¾	130 0 0 (2nd)	119 8 0 (30th)	124 14 0	125 10 0 (22nd)	120 14 0 (29th)	123 5 4	1,600
July	23½	44¾	123 4 0 (1st)	101 8 0 (20th)	112 12 7	122 9 0 (1st)	98 4 0 (20th)	111 9 3	1,400
August..	23½	44¾	113 12 0 (31st)	106 4 0 (25th)	109 15 0	113 2 0 (31st)	104 12 0 (2nd)	108 8 6	900
September	23½	44¾	123 10 0 (30th)	113 14 0 (9th)	118 9 0	123 10 0 (27th)	112 5 0 (9th)	118 0 0	900
October	23½	44¾	129 2 0 (13th)	122 2 0 (4th)	126 1 3	129 7 0 (20th)	121 3 0 (4th)	125 3 7	1,300
November	23½	44¾	125 4 0 (26th & 29th)	119 4 0 (2nd)	122 12 0	124 13 0 (26th)	117 13 0 (12th)	121 14 5	1,100
December	23½	44¾	123 6 0 (1st)	113 2 0 (27th)	117 0 3	122 0 0 (6th & 7th)	111 0 0 (15th & 17th)	115 4 1	900
January	23½	44¾	122 12 0 (8th)	116 12 0 (3rd)	119 10 0	120 0 0 (28th)	115 0 0 (4th)	117 0 4	450
February	23½	44¾	128 6 0 (15th)	121 8 0 (1st)	125 3 2	126 6 0 (15th)	119 7 0 (1st)	122 14 4	350
March	23½	44¾	141 8 0 (29th & 30th)	124 1 0 (6th)	129 12 7	137 0 0 (29th)	122 1 0 (6th)	127 1 9	400

STATEMENT VIII

Purchases of Sterling by the Reserve Bank of India since 1937-38

(Reference paragraph 25)

(In thousands of £ and rupees)

Net purchases		Average rate of purchases*			Net purchases		Average rate of purchases*	
£	Rs.	s.	d.		£	Rs.	s.	d.
25,140	**33,28,87**	**1**	**$6\frac{1}{8}$**	**1937-38**	**25,468**	**34,06,19**	**1**	**$5\frac{15}{16}$**
72,596	**96,86,20**	**1**	**$5\frac{63}{64}$**	**1939-40**	**57,083**	**76,10,90**	**1**	**6**
73,319	**97,75,72**	**1**	**6**	**1941-42**				
1942-43				Months	1943-44			
9,963	13,28,36	1	6	April	9,219	12,29,25	1	6
3,825	5,09,97	1	6	May	8,721	11,62,79	1	6
4,424	5,89,78	1	6	June	6,338	8,45,08	1	6
4,222	5,62,97	1	6	July	7,006	9,34,17	1	6
3,514	4,68,47	1	6	August	8,546	11,39,46	1	6
2,145	2,85,91	1	6	September	8,371	11,16,08	1	6
6,020	8,02,54	1	6	October	8,947	11,92,89	1	6
7,530	10,03,87	1	6	November	7,476	9,96,78	1	6
13,049	17,39,77	1	6	December	9,573	12,76,30	1	6
8,132	10,84,26	1	6	January	11,130	14,84,03	1	6
11,070	14,75,94	1	6	February	5,595	7,45,88	1	6
17,779	23,70,59	1	6	March	14,388	19,18,41	1	6
91,673	**122,22,43**	**1**	**6**	**Total ..**	**105,310**	**140,41,12**	**1**	**6**

* Nearest to $\frac{1}{64}$ d.

STATEMENT IX

Provincial Government Budgets, 1944-45

(Reference paragraph 40)

(In lakhs of rupees)

Province	Accounts 1942-43			Revised Estimates 1943-44			Budget Estimates 1944-45		
	Revenue	Expenditure	Surplus + Deficit —	Revenue	Expenditure	Surplus + Deficit —	Revenue	Expenditure	Surplus + Deficit —
Madras	21,92	20,67	+ 1,25	27,19	27,18	+ 1	30,21	30,20	+ 1
Bombay	19,70	17,79	+ 1,91	23,88	22,24	+ 1,64	24,90	24,89	+ 1
Bengal	16,46	16,79	— 33	21,34	32,54	—11,20	21,98	30,44	— 8,46
United Provinces ..	20,46	20,44	+ 2	23,34	23,23	+ 11	24,29	23,91	+ 38
Punjab	16,45	15,11	+ 1,34	20,04	17,25	+ 2,79	19,64	15,78	+ 3,86
Bihar	7,52	6,34	+ 1,18	9,38	11,17	— 1,79	9,78	7,57	+ 2,21
Central Provinces and Berar	6,69	6,47	+ 22	8,27	8,24	+ 3	8,08	8,05	+ 3
Assam	3,87	3,55	+ 32	4,37	4,29	+ 8	4,52	4,62	— 10
North-West Frontier Province	2,35	2,33	+ 2	2,46	2,49	— 3	2,27	2,30	— 3
Orissa	2,24	2,17	+ 7	2,49	2,65	— 16	2,57	2,67	— 10
Sind	6,65	6,52	+ 13	8,65	6,22	+ 2,43	7,97	7,97	..
Total	**1,24,31**	**1,18,18**	**+ 6,13**	**1,51,41**	**1,57,50**	**— 6,09**	**1,56,21**	**1,58,40**	**— 2,19**

STATEMENT X

SUBVENTIONS AND OTHER PAYMENTS MADE BY THE CENTRE TO THE PROVINCES UNDER THE GOVERNMENT OF INDIA (DISTRIBUTION OF REVENUES) ORDER AS AMENDED

(Reference paragraph 41)

(In lakhs of rupees)

Paid to	INCOME-TAX				JUTE DUTY				SUBVENTIONS			
	1938-39 Accounts	1942-43 Accounts	1943-44 Revised	1944-45 Budget	1938-39 Accounts	1942-43 Accounts	1943-44 Revised	1944-45 Budget	1938-39 Accounts	1942-43 Accounts	1943-44 Revised	1944-45 Budget
Bengal	30·00	2,18·00	3,90·00	4,73·80	2,21·27	1,19·09	1,14·01	1,16·21	..	..	..	..
Bombay	30·00	2,18·00	3,90·00	4,73·80	..	..	..	..	..	..	..	..
Madras	22·50	1,63·50	2,92·50	3,55·35	..	..	..	..	..	..	..	..
United Provinces	22·50	1,63·50	2,92·50	3,55·35	..	..	..	..	25·00	..	..	..
Punjab	12·00	87·20	1,56·00	1,89·52	..	..	..	..	..	..	..	..
Central Provinces and Berar	7·50	54·50	97·50	1,18·45	..	..	..	..	..	..	..	..
Bihar	15·00	1,09·00	1,95·00	2,36·90	17·12	10·93	9·42	10·34	..	..	..	..
Assam	3·00	21·80	39·00	47·38	11·69	9·64	10·79	7·61	30·00	30·00	30·00	30·00
Orissa	3·00	21·80	39·00	47·38	0·92	0·65	0·78	0·84	43·00	40·00	40·00	40·00
N. W. F. P.	1·50	10·90	19·50	23·69	..	..	..	..	1,00·00	1,00·00	1,00·00	1,00·00
Sind	3·00	21·80	39·00	47·38	..	..	..	..	1,05·00	1,05·00	1,05·00	1,05·00*
Provision for further possible grants to Provinces ..	..	..	..	..	..	..	..	..	..	..	25·00†	25·00†
**Total .. .. ..

STATEMENT XI

Government Balances in India with the Reserve Bank of India and at Government Treasuries, 1943-44

(*Reference paragraph* 42)

(In lakhs of rupees)

Reserve Bank of India					Government Treasuries			
Central Government		Provincial Governments		Last day of the month	Central Government		Provincial Governments	
1942-43	1943-44	1942-43	1943-44		1942-43	1943-44	1942-43	1943-44
11,70	12,67	5,53	15,25	April	19	— 26	1,05	83
12,10	9,68	6,43	8,28	May	8	4	1,05	92
13,13	8,39	7,33	10,03	June	17	20	1,00	1,00
11,43	18,99	7,38	9,14	July	4	6	89	89
1,57	21,25	5,61	7,77	August	4	— 22	85	1,11
2,47	21,52	5,41	12,44	September	11	2	97	37
4,41	26,74	8,09	12,62	October	3	5	98	1,03
11,48	56,80	7,17	9,48	November	— 4	13	72	1,09
13,64	12,59	7,07	9,90	December	— 14	19	60	1,04
19,97	39,75	10,81	18,13	January	7	— 19	1,19	1,63
25,88	51,14	10,53	16,56	February	4	— 40	1,29	1,70
17,41	83,49	16,14	24,72	March	— 1	— 14	1,47	2,10
12,10	**30,25**	**8,13**	**12,86**	**Average**	**5**	**— 4**	**1,01**	**1,14**

STATEMENT XII

GOVERNMENT OF INDIA TREASURY BILLS SINCE 1918-19

(Reference paragraph 43)

(In thousands of rupees)

YEAR	Amount offered for tender	Amount tendered	Amount sold	Amount of intermediates sold	Total amount sold	Amount outstanding at end of year*
1918–19	....	....	87,09,05	....	87,09,05	49,24,30
1919–20	....	....	102,48,00	....	102,48,00	52,98,00
1920–21	....	....	139,18,00	....	139,18,00	104,93,10
1921–22	....	....	139,26,00	....	139,26,00	111,85,70
1922–23	....	....	95,84,00	....	95,84,00	71,23,90
1923–24	....	....	50,68,00	....	50,68,00	51,77,20
1924–25	....	....	....	....	....	49,65,40
1925–26	....	....	....	....	....	49,65,15
1926–27	....	....	....	....	....	41,47,15
1927–28	33,75,00	53,62,30	25,86,90	4,50,45	30,37,35	39,52,55
1928–29	31,75,00	38,19,50	20,48,75	1,89,25	22,38,00	43,14,80
1929–30	65,00,00	93,85,25	44,73,00	20,00,75	64,73,75	65,25,45
1930–31	96,00,00	107,22,50	69,11,00	89,91,75	159,02,75	61,26,50
1931–32	104,00,00	107,60,75	75,00,00	126,25,50	201,25,50	97,19,85
1932–33	81,00,00	139,32,00	65,97,00	55,60,25	121,57,25	61,57,20
1933–34	80,00,00	120,95,00	76,14,25	35,98,75	112,13,00	59,23,70
1934–35	61,50,00	103,65,25	59,47,50	29,35,00	88,82,50	54,34,25
1935–36	58,00,00	113,51,50	57,76,75	12,73,75	70,50,50	32,13,00
1936–37	83,00,00	125,99,00	80,98,50	....	80,98,50	28,53,75
1937–38	72,00,00	117,86,00	71,99,25	....	71,99,25	38,00,50
1938–39	83,50,00	128,90,25	82,13,25	15,35,75	97,49,00	46,30,00
1939–40	71,50,00	116,96,50	70,50,00	49,93,00	120,43,00	54,70,50
1940–41	84,00,00	162,48,00	84,00,00	17,32,75	101,32,75	68,90,25
1941–42	81,00,50	140,27,00	81,00,50	37,59,50	118,60,00	136,97,75
1942–43	317,00,00	527,43,50	309,42,00	62,50,75	371,92,75	264,69,50
1943–44	384,00,00	628,59,00	359,71,25	36,47,50	396,18,75	110,61,25

* Including holdings in the Currency Reserve up to 1934-35 and in the Issue Department of the Bank thereafter.

STATEMENT

GOVERNMENT OF INDIA THREE

(Reference

Week		Amount offered for tender	Amount tendered	Amount sold	Intermediates sold	Total amount sold
		1	2	3	4	5
1943—44						
April	2	8,00,00	1,80,25	1,48,25	12,50	1,60,75
„	9	8,00,00	5,71,00	5,46,50	1,14,25	6,60,75
„	16	8,00,00	9,01,00	8,00,00	2,39,75	10,39,75
„	23	8,00,00	7,64,25	7,50,00	2,14,00	9,64,00
„	30	8,00,00	12,54,50	8,08,00	3,75,00	11,83,00
May	7	8,00,00	15,12,00	7,99,50	3,36,25	11,35,75
„	14	8,00,00	15,07,00	8,00,00	2,68,00	10,68,00
„	21	8,00,00	12,79,75	7,99,00	1,45,00	9,44,00
„	28	8,00,00	11,92,50	8,01,50	3,70,25	11,71,75
June	4	8,00,00	11,88,00	7,93,00	3,77,50	11,70,50
„	11	8,00,00	12,31,50	7,99,75	2,82,00	10,81,75
„	18	8,00,00	12,80,25	8,04,25	7,30,50	15,34,75
„	25	8,00,00	11,11,00	7,82,50	86,50	8,69,00
July	2	8,00,00	9,07,00	8,20,50	91,00	9,11,50
„	9	8,00,00	4,81,25	3,12,25	5,00	3,17,25
„	16	8,00,00	13,22,25	8,00,00	....	8,00,00
„	23	8,00,00	15,93,75	8,00,00	....	8,00,00
„	30	8,00,00	19,76,50	8,00,00	....	8,00,00
August	6	8,00,00	13,83,00	7,70,25	....	7,70,25
„	13	8,00,00	14,73,25	7,86,00	....	7,86,00
„	20	8,00,00	12,36,75	8,43,75	....	8,43,75
„	27	8,00,00	16,41,25	7,95,50	....	7,95,50
September	3	8,00,00	18,95,75	8,00,00	....	8,00,00
„	10	8,00,00	18,85,25	7,59,75	....	7,59,75
„	17	8,00,00	14,91,25	8,31,00	....	8,31,00
„	24	8,00,00	15,84,25	7,81,25	....	7,81,25
October	1	8,00,00	20,10,75	8,32,00	....	8,32,00
„	8	8,00,00	15,86,50	8,00,50	....	8,00,50
„	15	8,00,00	12,28,00	7,59,00	....	7,59,00
„	22	8,00,00	14,57,00	7,79,50	....	7,79,50
„	29	8,00,00	12,89,00	8,53,50	....	8,53,50
November	5	8,00,00	10,70,50	7,91,75	....	7,91,75
„	12	6,00,00	9,14,50	5,68,50	....	5,68,50
„	19	6,00,00	13,20,50	5,91,00	....	5,91,00
„	26	6,00,00	10,71,25	6,56,75	....	6,56,75
December	3	6,00,00	11,13,50	6,00,00	....	6,00,00
„	10	6,00,00	13,73,75	5,55,25	....	5,55,25
„	17	6,00,00	14,02,50	6,43,75	....	6,43,75
„	24	6,00,00	14,26,25	6,01,00	....	6,01,00
„	31	....	....	....	....	....
January	7	6,00,00	10,77,75	6,00,00	....	6,00,00
„	14	6,00,00	8,55,50	5,79,00	....	5,79,00
„	21	8,00,00	12,11,25	7,68,25	....	7,68,25
„	28	8,00,00	10,76,75	8,44,75	....	8,44,75
February	4	8,00,00	11,71,00	7,51,25	....	7,51,25
„	11	8,00,00	13,34,00	8,17,00	....	8,17,00
„	18	8,00,00	14,74,00	6,09,75	....	6,09,75
„	25	8,00,00	10,46,50	3,19,50	....	3,19,50
March	3	6,00,00	7,79,25	5,05,25	....	5,05,25
„	10	6,00,00	8,55,50	5,54,75	....	5,54,75
„	17	6,00,00	5,41,25	4,56,75	....	4,56,75
„	24	4,00,00	7,33,00	4,00,25	....	4,00,25
„	31	4,00,00	5,94,75	3,99,75	....	3,99,75
	Total	**384,00,00**	**628,59,00**	**359,71,25**	**36,47,50**	**396,18,75**

XIII

Months Treasury Bills, 1943-44

paragraph 43)

(In thousands of rupees)

Amount discharged	Amount outstanding with the public	Total amount outstanding including amount outstanding on account of Issue Department, Provinces and Burma	*Average rate of discount of accepted tenders*	*Average rate of discount of intermediates sold*	*Average rate of discount of total amount sold to public*
6	7	8	9	10	11
			Rs. a. p.	*Rs. a. p.*	*Rs. a. p.*
1,02,25	117,49,00	249,93,00	*1 1 11*	*1 0 0*	*1 1 9*
7,18,75	116,91,00	241,48,00	*1 2 0*	*1 0 0*	*1 1 8*
10,49,50	116,81,25	226,93,25	*1 2 0*	*1 0 0*	*1 1 6*
9,44,00	117,01,25	227,03,25	*1 2 0*	*1 0 0*	*1 1 7*
10,92,75	117,91,50	229,46,00	*1 2 0*	*1 0 0*	*1 1 4*
9,99,00	119,28,25	228,57,75	*1 1 9*	*1 0 0*	*1 1 3*
9,22,50	120,73,75	232,93,25	*1 1 7*	*1 0 0*	*1 1 2*
10,05,75	120,12,00	233,13,50	*1 1 0*	*1 0 0*	*1 0 10*
12,61,75	119,22,00	227,16,50	*1 1 0*	*1 0 0*	*1 0 8*
30,00	130,62,50	237,66,50	*1 1 0*	*1 0 0*	*1 0 8*
10,44,25	131,00,00	238,31,00	*1 1 0*	*1 0 0*	*1 0 9*
16,04,50	130,30,25	238,04,25	*1 1 0*	*1 0 0*	*1 0 6*
72,25	138,27,00	246,91,00	*1 1 0*	*1 0 0*	*1 0 11*
10,02,75	137,35,75	246,61,75	*1 1 0*	*1 0 0*	*1 0 11*
6,59,25	133,93,75	242,37,00	*1 0 0*	*1 0 0*	*1 0 0*
10,42,25	131,51,50	240,25,75	*0 15 11*	....	*0 15 11*
9,64,25	129,87,25	231,79,50	*0 15 9*	....	*0 15 9*
11,79,75	126,07,50	224,11,25	*0 15 7*	....	*0 15 7*
3,58,75	130,19,00	224,82,00	*0 15 0*	....	*0 15 0*
11,19,25	126,85,75	211,04,75	*0 14 11*	....	*0 14 11*
16,61,75	118,67,75	201,61,75	*0 14 10*	....	*0 14 10*
4,21,75	122,41,50	199,45,50	*0 14 11*	....	*0 14 11*
20,23,50	110,18,00	180,67,00	*0 14 0*	....	*0 14 0*
1,82,75	115,95,00	185,54,00	*0 13 9*	....	*0 13 9*
14,49,75	109,76,25	169,30,25	*0 13 4*	....	*0 13 4*
9,69,75	107,87,75	165,51,75	*0 13 5*	....	*0 13 5*
9,82,75	106,37,00	157,28,00	*0 13 6*	....	*0 13 5*
7,22,75	107,14,75	157,00,75	*0 12 0*	....	*0 12 0*
3,15,00	111,58,75	150,10,25	*0 12 0*	....	*0 12 0*
8,30,50	111,07,75	144,21,25	*0 12 1*	....	*0 12 1*
13,11,75	106,49,50	134,33,00	*0 12 9*	....	*0 12 8*
3,05,50	111,35,75	138,40,00	*0 13 8*	....	*0 13 7*
7,57,00	109,47,25	137,10,50	*0 13 8*	....	*0 13 8*
8,11,00	107,27,25	135,13,75	*0 13 8*	....	*0 13 7*
7,87,50	105,96,50	134,32,00	*0 13 0*	....	*0 13 1*
15,75,50	96,21,00	124,61,50	*0 12 11*	....	*0 12 11*
7,44,75	94,31,50	122,72,00	*0 12 3*	....	*0 12 3*
8,62,50	92,12,75	121,46,75	*0 11 11*	....	*0 11 11*
7,98,25	90,15,50	120,32,50	*0 11 0*	....	*0 11 0*
8,15,00	82,00,50	112,76,75	....	....	....
8,00,50	80,00,00	112,80,25	*0 9 0*	....	*0 9 0*
....	85,79,00	118,73,75	*0 8 7*	....	*0 8 8*
8,00,00	85,47,25	117,02,75	*0 8 8*	....	*0 8 8*
15,92,00	78,00,00	109,93,00	*0 10 4*	....	*0 10 3*
8,00	85,43,25	117,66,75	*0 11 4*	....	*0 11 4*
7,99,00	85,61,25	117,69,75	*0 12 0*	....	*0 11 11*
6,01,00	85,70,00	117,57,25	*0 12 6*	....	*0 12 7*
5,97,00	82,92,50	115,14,75	*0 12 11*	....	*0 12 3*
11,99,50	75,98,25	110,35,75	*0 12 11*	....	*0 12 11*
5,43,00	76,10,00	112,39,50	*0 12 11*	....	*0 12 11*
6,55,75	74,11,00	111,29,50	*0 13 0*	....	*0 13 0*
6,04,00	72,07,25	107,86,75	*0 12 9*	....	*0 12 9*
25	76,06,75	110,61,25	*0 12 9*	....	*0 12 9*
437,02,50	**76,06,75**	**110,61,25**	*0 14 2*	*1 0 0*	*0 14 5*

STATEMENT XIV

GOVERNMENT OF INDIA WAYS AND MEANS ADVANCES AND TREASURY BILLS TRANSACTIONS, 1943-44

(Reference paragraph 45)

(In thousands of rupees)

Month	Ways and Means Advances			Treasury Bills				Total outstanding of Ways & Means Advances and Treasury Bills
	Advances taken	Advances repaid	Outstanding at the end of month	Sale to the public	Outstanding at the end of month with the public	Total amount outstanding including amount outstanding on account of Issue Department, the Provinces and Burma	Total amount Discharged	
1943-44								
April ..	1,00,00	1,00,00	....	40,08,25	117,91,50	229,46,00	39,07,25	**229,46,00**
May ..	15,50,00	15,50,00	....	43,74,50	119,76,25	227,70,75	41,89,75	**227,70,75**
June ..	5,50,00	5,50,00	....	47,10,50	131,05,25	240,11,25	35,81,50	**240,11,25**
July ..	....	....	....	35,19,25	125,44,25	223,69,25	40,80,25	**223,69,25**
August ..	....	....	....	32,00,00	114,39,75	186,63,75	43,04,50	**186,63,75**
September ..	9,00,00	9,00,00	....	39,96,50	106,34,00	162,25,00	48,02,25	**162,25,00**
October ..	....	....	....	32,03,50	104,12,75	131,40,00	34,24,75	**131,40,00**
November ..	....	....	....	26,00,00	98,00,00	126,35,50	32,12,75	**126,35,50**
December ..	....	....	....	24,00,00	82,00,50	112,76,75	39,99,50	**112,76,75**
January ..	....	....	....	28,00,00	78,00,00	110,36,50	32,00,50	**110,36,50**
February ..	....	....	....	24,89,50	76,92,50	108,45,00	25,97,00	**108,45,00**
March ..	....	....	....	23,16,75	76,06,75	110,61,25	24,02,50	**110,61,25**
1943-44 ..	**31,00,00**	**31,00,00**	....	**396,18,75**	**76,06,75**	**110,61,25**	**437,02,50**	**110,61,25**

STATEMENT XV

PROVINCIAL GOVERNMENT TREASURY BILLS, 1943-44

(Reference paragraph 47)

(In thousands of rupees)

Week ended	Issuing Government	Period	Amount offered for tender	Amount tendered	Amount sold	Average rate of discount per cent. per annum	Amount outstanding with the public
1943-44						Rs. a. p.	
June 11 ..	Assam	3 months	50,00	60,00	50,00	1 3 0	50,00
July 16 ..	Assam	3 ,,	75,00	1,49,00	75,00	1 2 0	1,25,00
Aug. 6 ..	Bengal	3 ,,	1,50,00	1,78,00	1,50,00	1 1 0	1,50,00
Sept. 3 ..	U. P.	3 ,,	1,50,00	2,40,00	1,50,00	1 0 0	1,50,00
Sept. 17 ..	Assam	3 ,,	1,50,00	1,75,00	1,50,00	1 0 0	2,25,00
Sept. 17 ..	Bengal	12 ,,	50,00	50,00	50,00	1 12 0	2,00,00
Sept. 24 ..	U. P.	3 ,,	1,00,00	2,28,00	1,00,00	0 14 8	2,50,00
Oct. 15 ..	Madras	3 ,,	1,00,00	1,65,00	60,00	0 13 7	60,00
Oct. 22 ..	Assam	3 ,,	1,50,00	1,91,00	1,50,00	0 13 11	3,00,00
Nov. 5 ..	Bengal	3 ,,	4,00,00	4,47,50	4,00,00	0 15 10	4,50,00
Dec. 3 ..	U. P.	3 ,,	1,50,00	2,84,00	1,50,00	0 14 5	2,50,00
Dec. 10 ..	Bengal	3 ,,	3,00,00	4,06,00	3,00,00	0 15 8	7,50,00
Dec. 17 ..	Assam	3 ,,	2,00,00	2,56,00	2,00,00	0 13 0	3,50,00
Dec. 24 ..	Bengal	3 ,,	8,00,00	8,70,00	8,00,00	0 14 11	15,50,00
Dec. 24 ..	U. P.	3 ,,	1,00,00	2,31,00	1,00,00	0 11 5	2,50,00
Jan. 21 ..	Assam	3 ,,	1,00,00	1,60,00	1,00,00	0 10 0	3,00,00
Jan. 28 ..	C. P. & Berar	3 ,,	80,00	1,39,00	80,00	0 10 5	80,00
Feb. 4 ..	Bombay	3 ,,	50,00	1,15,00	50,00	0 10 0	50,00
Feb. 4 ..	Bengal	3 ,,	3,00,00	4,49,00	3,00,00	0 13 0	14,50,00
Feb. 11 ..	U. P.	3 ,,	1,00,00	1,75,00	1,00,00	0 13 0	3,50,00
Mar. 3 ..	Bengal	3 ,,	3,00,00	5,00,00	3,00,00	0 14 6	17,50,00
Mar. 10 ..	Bengal	3 ,,	3,00,00	5,17,00	3,00,00	0 14 7	17,50,00
Mar. 10 ..	Assam	3 ,,	1,50,00	2,29,00	1,50,00	0 14 6	4,50,00
Mar. 24 ..	Bengal	3 ,,	3,00,00	3,49,00	3,00,00	0 14 11	12,50,00
		Total	**1941-42**	**18,14,25**	**8,15,00**		**1,00,00**
		,,	**1942-43**	**9,67,50**	**4,35,00**		**80,00**
		,,	**1943-44**	**65,63,50**	**45,65,00**		**17,30,00**

STATEMENT XVI

PUBLIC DEBT OF INDIA SINCE 1913-14

(Reference paragraph 52)

(A) Rupee Debt

(In crores of rupees)

End of March	Undated	*Percentage of Total*	Over 10 years	*Percentage of Total*	Between 5 and 10 years	*Percentage of Total*	Under 5 years	*Percentage of Total*	Treasury Bills	*Percentage of Total*	Post Office Savings Bank Deposits and Cash Certificates	*Percentage of Total*	*Other obligations	*Percentage of Total*	Total	*Percentage increase(+) or decrease(—)*
1914 ..	144·52	*80·4*	1·00	*0·6*	—	—	—	—	—	—	23·17	*12·9*	11·08	*6·1*	179·77	—
1919 ..	143·20	*39·9*	26·42	*7·4*	29·44	*8·2*	59·43	*16·5*	49·24	*13·7*	27·03	*7·5*	24·02	*6·6*	358·78	*+99·5*
1924 ..	137·25	*28·4*	29·29	*6·1*	96·93	*20·1*	94·45	*19·6*	51·77	*10·7*	33·21	*6·9*	39·62	*8·2*	482·52	*+35·5*
1929 ..	137·41	*24·9*	121·03	*21·9*	50·25	*9·2*	81·54	*14·8*	43·15	*7·8*	56·79	*10·3*	61·04	*11·1*	551·21	*+14·2*
1934 ..	126·69	*18·3*	160·73	*23·2*	67·93	*9·8*	79·22	*11·4*	59·24	*8·5*	115·94	*16·7*	83·34	*12·1*	693·09	*+25·7*
1939 ..	128·46	*18·1*	113·80	*16·0*	124·71	*17·6*	70·89	*9·9*	46·30	*6·5*	141·46	*19·8*	84·34	*11·8*	709·96	*+ 2·4*
1940 ..	139·93	*19·2*	147·24	*20·2*	113·75	*15·6*	49·35	*6·8*	54·71	*7·5*	135·35	*18·6*	87·48	*12·1*	727·79	*+ 2·6*
1941 ..	148·52	*17·3*	182·98	*21·2*	150·31	*17·5*	95·07	*11·0*	68·90	*8·0*	108·80	*12·6*	106·59	*12·4*	861·17	*+18·3*
1942 ..	164·18	*17·4*	261·77	*27·8*	68·75	*7·3*	117·16	*12·5*	136·98	*14·6*	95·55	*10·2*	96·61	*10·3*	941·00	*+ 9·3*
1943(Preliminary)	245·50	*20·3*	238·41	*19·7*	91·75	*7·6*	172·80	*14·3*	264·70	*21·9*	93·00	*7·7*	102·29	*8·5*	1,208·45	*+28·4*
1944(„)	283.89	*21.3*	445.67	*33.4*	85.38	*6.4*	182.86	*13.7*	110.61	*8.3*	117.56	*8.8*	108.72	*8.1*	1,334.69	*+10.4*

* Includes (1) the unclaimed balance of old loans which have ceased to bear interest from the date of discharge, (2) balance of special loans (the bulk of this relates to endowments made by the late King of Oudh for payment of pensions and stipends or for specific purposes of a religious or charitable character, guaranteed by Government), (3) balances of State Provident Funds, Pension Funds, and other accounts such as General Family Pension Fund, the Hindu Family Annuity Fund, the Postal Insurance and Life Annuity Fund, etc., and (4) the amount of Three-Year Interest-Free Bonds and Five-Year Interest-Free Prize Bonds.

STATEMENT XVI—(*continued.*)

PUBLIC DEBT OF INDIA SINCE 1913-14

(B) Sterling Debt *

(*Reference paragraph* 52)

(In crores of rupees)

End of March	Undated	*Percentage of Total*	Over 10 years	*Percentage of Total*	Between 5 and 10 years	*Percentage of Total*	Under 5 years	*Percentage of Total*	† Other obligations	*Percentage of Total*	Total	*Percentage increase (+) or decrease (—)*
1914	265·57	*99·9*	—	—	—	—	—	—	0·24	*0·1*	**265·81**	—
1919	257·80	*84·8*	45·96	*15·1*	—	—	—	—	0·32	*0·1*	**304·08**	+ *14·4*
1924	366·80	*92·2*	28·90	*7·3*	—	—	—	—	2·06	*0·5*	**397·76**	+ *30·8*
1929	296·61	*62·7*	169·93	*36·0*	4·66	*1·0*	—	—	1·58	*0·3*	**472·78**	+ *18·9*
1934	269·19	*52·6*	198·50	*38·8*	—	—	43·08	*8·4*	1·38	*0·2*	**512·15**	+ *8·3*
1939	268·05	*57·1*	135·11	*28·8*	29·30	*6·3*	32·46	*6·9*	4·18	*0·9*	**469·10**	— *8·4*
1940	255·63	*57·8*	115·44	*26·1*	39·09	*8·8*	28·15	*6·4*	4·18	*0·9*	**442·49**	— *5·7*
1941	246·81	*71·6*	40·81	*11·8*	32·87	*9·5*	20·62	*5·9*	3·82	*1·1*	**344·93**	— *22·1*
1942	134·00	*63·6*	34·66	*16·4*	17·32	*8·2*	20·95	*9·9*	3·77	*1·8*	**210·70**	— *38·9*
1943‡ (Preliminary) ..	22·13	*38·5*	4·06	*5·3*	6·88	*12·0*	20·62	*35·9*	3·72	*6·5*	**57·41**	— *72·8*
1944‡ („) ..	3·27	*8·6*	3·97	*10·4*	5·82	*15·2*	21·56	*56·3*	3·65	*9·5*	**38·27**	— *33·3*

* Converted at 1sh. 4d. per rupee up to 1923-24 and thereafter at 1sh. 6d.

† Including (1) the unclaimed balances of old loans which have ceased to bear interest from the date of discharge and (2) the balances relating to Service Funds.

‡ Excluding Railway Annuities.

STATEMENT XVII

(A) Post Office Cash Certificates *

(Reference paragraph 54)

(In lakhs of rupees)

	Receipts	Repayments	Net receipts	Amount outstanding
1917–18	10,00	1,12	8,88	8,88
1918–19 } 1919–20 }	4,03	7,16	— 3,13	5,75
1920–21 } 1921–22 }	1,00	2,41	— 1,41	4,34
1922–23 } 1923–24 }	7,61	3,53	4,08	8,42
1924–25 } 1925–26 }	15,65	3,10	12,55	20,97
1926–27 } 1927–28 }	13,61	3,88	9,73	30,70
1928–29	4,91	3,31	1,60	32,30
1929–30	7,15	4,45	2,70	35,00
1930–31	11,78	8,35	3,43	38,43
1931–32	14,49	8,34	6,15	44,58
1932–33	15,74	4,68	11,06	55,64
1933–34	13,31	5,24	8,07	63,71
1934–35	9,95	7,70	2,25	65,96
1935–36	13,45	13,43	2	65,98
1936–37	14,88	16,46	— 1,58	64,40
1937–38	13,97	18,16	— 4,19	60,21
1938–39	14,71	15,35	— 64	59,57
1939–40	10,25	12,80	— 2,55	57,02
1940–41	4,89	14,93	—10,04	46,98
1941–42	3,97	11,94	— 7,97	39,01
1942–43	3,76	8,20	— 4,44	34,57
1943–44	5,50	5,43	7	34,64

* Figures for Burma are included up to 1936-37.

(B) Post Office Defence Savings Certificates †

	Receipts	Repayments	Net receipts	Amount outstanding
1940–41	2,41	12	2,29	2,29
1941–42	2,81	75	2,06	4,35
1942–43	2,02	81	1,21	5,56
1943–44	2,43	1,02	1,41	6,97

† Replaced by the Twelve-year National Savings Certificates from the 1st October 1943.

(C) Post Office National Savings Certificates

	Receipts	Repayments	Net receipts	Amount outstanding
1943—44	8,66	1	8,65	8,65

STATEMENT XVIII

(A) Post Office Savings Bank

(Reference paragraph 54)

(In lakhs of rupees)

	Deposits	Interest	Withdrawals	Net increase in Deposits	Amount outstanding
1913–14	10,99	61	9,04	2,56	23,16
1914–15	9,07	53	17,88	— 8,28	14,89
1915–16	7,73	43	7,73	43	15,32
1916–17	8,93	45	8,10	1,28	16,59
1917–18	9,72	44	10,17	— 1	16,58
1918–19	12,99	46	11,21	2,24	18,82
1919–20	17,18	56	15,22	2,52	21,34
1920–21	18,22	62	17,33	1,51	22,86
1921–22	17,11	61	18,32	— 60	22,26
1922–23	17,07	62	16,75	94	23,19
1923–24	17,71	67	16,79	1,59	24,78
1924–25	17,44	71	17,64	51	25,63
1925–26	19,05	73	18,19	1,59	27,23
1926–27	20,38	79	18,89	2,28	29,50
1927–28	23,14	86	20,84	3,16	32,66
1928–29	26,24	97	25,39	1,82	34,49
1929–30	26,25	1,02	24,63	2,64	37,13
1930–31	24,36	1,04	25,50	— 10	37,02
1931–32	27,39	1,08	27,29	1,18	38,20
1932–33	30,96	1,15	26,86	5,25	43,45
1933–34	36,87	1,28	29,37	8,78	52,23
1934–35	38,67	1,34	37,26	2,75	58,30
1935–36	46,33	1,50	38,88	8,95	67,25
1936–37	43,38	1,45	37,40	7,43	74,68
1937–38	43,27	1,46	39,76	4,97	77,56
1938–39	44,61	1,42	41,65	4,38	81,94
1939–40	40,51	1,15	45,22	— 3,56	78,38
1940–41	25,35	93	45,09	—18,81	59,57
1941–42	21,91	83	30,18	— 7,44	52,13
1942–43	22,26	73	22,84	15	52,28
1943–44	35,22	93	24,19	11,96	64,24

* Figures for Burma are included up to 1936-37.

(B) Post Office Defence Savings Bank Deposits

	Deposits	Withdrawals	Net increase in Deposits	Amount outstanding
1941–42	11	..	11	11
1942–43	29	..	29	40
1943–44	3,59	1	3,58	3,98

STATEMENT XIX

Debt Position of Provinces since 1936-37.

(Reference paragraph 56)

(In lakhs of rupees)

	At the end of							
	1936-37	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44
I Public Debt								
(*a*) Permanent Debt	8,72	12,64	15,07	19,60	23,33	23,04	27,53	32,93
(*b*) Floating Debt	....	....	1,50	1,80	50	1,00	82	37,55
(*c*) Loans from Central Government	1,43,80	1,24,67	1,23,24	1,21,77	1,20,54	1,18,49	1,11,11	89,84
II Unfunded Debt	15,03	22,39	23,39	24,44	25,54	26,62	27,26	92,30
III Gross Total Debt (Total of I and II)	**1,67,55**	**1,59,70**	**1,63,20**	**1,67,61**	**1,69,91**	**1,69,15**	**1,66,72**	**1,98,62**
IV Net Debt (Deduct outstanding loans and advances made by Provincial Governments)	1,04,63	1,00,32	1,02,48	1,35,65	1,38,98	1,37,92	1,34,60	1,63,39
V Provision for the reduction of Debt during the year	2,31	1,60	1,06	1,51	2,84	3,64	14,85	48,41
VI Closing Cash Balance	10,10	10,07	7,34	9,59	10,64	19,11	30,44	23,89

STATE

Representative Rupee Securities

* Prices in Bombay,

(*Reference*

	5 per cent. Loan 1945-55 (free of income-tax)				4 per cent. Loan 1960–70				3½ per cent. Loan 1947–50		
	Highest	Lowest	Average	Average Yield	Highest	Lowest	Average	Average Yield	Highest	Lowest	Average
1943-44											
Apr.	108 3/16 (6–26)	108 (30)	108 3/16	1·64	110 7/16 (1–30)	110 7/16 (1–30)	110 7/16	3·22	103 15/16 (1–10)	103 7/8 (12–30)	103 7/8
May	108 (1)	107 5/16 (19–31)	107½	1·80	110 7/16 (1–31)	110 7/16 (1–31)	110 7/16	3·21	103 7/8 (1–31)	103 7/8 (1–31)	103 7/8
June	107 3/8 (23–30)	107 3/16 (8, 9)	107 5/16	1·78	110½ (30)	110 7/16 (1–29)	110 7/16	3·21	103 7/8 (1–17)	103 11/16 (29, 30)	103 13/16
July	107 3/8 (2–10)	106 15/16 (30, 31)	107 3/16	1·73	111 1/8 (30, 31)	110½ (2, 3)	110¾	3·18	103 13/16 (22–31)	103 11/16 (2–13)	103¾
Aug.	106 15/16 (2)	106 1/16 (31)	106 7/16	1·94	111¼ (10–13, 17–31)	111⅛ (2–9, 14–16)	111 3/16	3·15	103 13/16 (2–10)	103 7/16 (30, 31)	103 11/16
Sept.	106¼ (30)	106 1/16 (1–14)	106⅛	1·97	111 7/16 (29, 30)	111¼ (1–27)	111¼	3·14	103⅜ (1–7, 25–30)	103¼ (8–22)	103 5/16
Oct.	106 5/16 (22–27)	106¼ (2–21)	106¼	1·81	111⅞ (19–27)	111 7/16 (2–4)	111 11/16	3·11	103½ (11, 12)	103⅜ (2–7, 13–21)	103⅜
Nov.	106 5/16 (1–8)	106 3/16 (22, 23)	106¼	1·67	111 15/16 (24–30)	111 13/16 (4–8, 22, 23)	111⅞	3·09	103 7/16 (1–22)	103⅜ (23–30)	103 7/16
Dec.	106 3/16 (1–10)	105¾ (30, 31)	106	1·66	112 3/16 (31)	111⅞ (11)	112	3·08	103⅜ (1–31)	103⅜ (1–31)	103⅜
Jan.	105¾ (3–5)	105¼ (20–26)	105 7/16	1·83	112⅝ (24–31)	112 3/16 (3)	112½	3·04	103⅜ (3–13)	103 5/16 (14–31)	103 5/16
Feb.	105 5/16 (1–24)	105¼ (25–29)	105 5/16	1·75	112 11/16 (2–18)	112½ (25–29)	112⅝	3·02	103 5/16 (1–18)	103 3/16 (24–29)	103¼
March	105¼ (1–7)	104⅝ (31)	105	1·78	112¼ (4–15)	112⅜ (24, 25)	112⅝	3·02	103¼ (4–18)	103 (23–31)	103⅛

*Figures below the quotations indicate dates.

MENT XX

OF THE GOVERNMENT OF INDIA

1943-44

paragraph 57)

(In rupees)

Average Yield	3½ per cent. Loan (non-terminable) Highest	Lowest	Average	Average Yield	3 per cent. Loan 1951-54 Highest	Lowest	Average	Average Yield	3 per cent. Loan 1963-65 Highest	Lowest	Average	Average Yield
2·60	94 (1–30)	94 (1–30)	94	3·72	99⅞ (1–30)	99⅞ (1–30)	99⅞	3·01	95½ (1–30)	95½ (1–30)	95½	3·29
2·58	94 (1–31)	94 (1–31)	94	3·72	99 15/16 (5–31)	99⅞ (1–4)	99 15/16	3·01	95½ (1–31)	95½ (1–31)	95½	3·29
2·58	94½ (30)	94 (1–29)	94	3·72	99 15/16 (1–30)	99 15/16 (1–30)	99 15/16	3·01	95½ (1–30)	95½ (1–30)	95½	3·29
2·58	96 (28–31)	94½ (2, 3)	95¼	3·68	100⅛ (5–12)	99 15/16 (2)	100 1/16	2·99	96 11/16 (30, 31)	95½ (2, 3)	96 1/16	3·25
2·58	97 (17–31)	95 15/16 (7)	96⅝	3·62	100 1/16 (2–31)	100 1/16 (2–31)	100 1/16	2·99	97 1/16 (17–28)	96⅝ (3–7)	96 1/16	3·19
2·65	97½ (29,30)	96 15/16 (17, 18)	97 1/16	3·61	100⅛ (6–30)	100 1/16 (1, 2)	100⅛	2·99	97 11/16 (30)	96 15/16 (1–18)	97 1/16	3·19
2·62	97 9/16 (18–20, 23–26)	97 1/16 (13)	97 7/16	3·59	100⅛ (2–27)	100⅛ (2–27)	100⅛	2·99	98¼ (21–26)	97 11/16 (2)	98	3·15
2·59	97½ (1, 24–30)	97 1/16 (20–22)	97 5/16	3·60	100⅛ (1–15, 26–30)	100 1/16 (16–25)	100⅛	2·98	98½ (25–30)	98⅛ (4–8, 13–20)	98¼	3·11
2·59	97 13/16 (31)	97 5/16 (6)	97 9/16	3·59	100⅛ (1–31)	100⅛ (1–31)	100⅛	2·98	98 9/16 (20)	98¼ (8–11)	98 7/16	3·10
2·59	99 (13–17)	98 5/16 (3)	98⅞	3·54	100¼ (14–31)	100 3/16 (3–13)	100¼	2·96	98 13/16 (5–13)	98 9/16 (24)	98 11/16	3·08
2·58	99⅛ (2–10)	98¾ (26–29)	98 15/16	3·54	100 5/16 (4–14)	100 3/16 (17–24)	100¼	2·96	98 11/16 (10–14)	98 7/16 (25–29)	98 9/16	3·09
2·60	99⅛ (4)	98 3/16 (24, 31)	98 15/16	3·54	100¼ (1–16)	99 15/16 (24–31)	100⅛	2·98	98 9/16 (2–9)	98 7/16 (24, 25)	98 7/16	3·10

STATEMENT XXI

Representative Rupee Securities of the Government of India

Prices since 1914-15

(Reference paragraph 57)

(In rupees)

	5 per cent. Loan 1945-55 (free of income-tax)		4 per cent. Loan 1960-70		3½ per cent. Loan 1947-50		3½ per cent. Loan (non-terminable)		3 per cent. Loan 1951-54		3 per cent. Loan 1963-65	
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1914-15 ..	—	—	..	..	..	..	96 1/16	91½	—	..	..	..
1920-21 ..	96	78½	..	..	..	..	60	52	..	..	..	..
1925-26 ..	104½	98 13/16	..	..	..	..	74½	67⅝	..	..	..	..
1926-27 ..	110½	104 9/16	90 1/16	86 9/16	..	..	79 1/16	74⅜	..	..	..	..
1927-28 ..	108 13/16	105 13/16	90	87 9/16	..	..	79 5/16	74⅜	—	..	..	..
1928-29 ..	106 11/16	102 1/16	88¼	83⅜	..	..	75⅝	71	..	..	..	..
1929-30 ..	103¾	100	84⅝	75¾	..	..	72 5/16	63 15/16	..	..	..	..
1930-31 ..	101 9/16	99½	77⅛	73	..	..	68⅞	61 5/16	..	..	..	..
1931-32 ..	101 11/16	88⅓	75½	58¼	..	..	63½	51	..	..	..	..
1932-33 ..	113⅜	98⅜	100 9/16	67½	..	..	88 9/16	60½	..	..	..	..
1933-34 ..	115 1/16	109	103⅛	90¾	97¾	90	88¾	79 3/16	..	..	..	..
1934-35 ..	119 9/16	114⅝	111 7/16	101¾	102 15/16	97 7/16	98¾	87½	—	..	..	..
1935-36 ..	120⅛	114¾	113⅝	103	107⅜	100 9/16	99⅛	87 9/16	103½	96¾	..	..
1936-37 ..	121 9/16	117½	116 1/16	109¾	108⅛	103⅞	100 15/16	91½	105	100½	..	..
1937-38 ..	120¾	118	114 7/16	110⅛	107¼	105	99⅛	92 9/16	102⅞	100⅞	..	..
1938-39 ..	118⅜	111	114⅞	107½	106 7/16	103	99½	90⅜	103¼	100	98⅜	96
1939-40 ..	114¼	102	111 3/16	94	104⅝	92¾	97 15/16	80⅞	101 1/16	86	97 13/16	82
1940-41 ..	112⅞	105½	109	99	104⅛	98¾	96 1/16	84⅜	99 9/16	92¾	95	85⅛
1941-42 ..	111 11/16	104	111⅛	99	103¼	96¾	96 1/16	84	100	93½	95 1/16	85½
1942-43 ..	109⅛	105 1/16	110 7/16	103 1/16	104	97 9/16	94	88 1/16	99⅞	94	95½	88½
1943-44 ..	108 3/16	104¼	112¾	110 7/16	103 15/16	103	99⅜	94	100 5/16	99⅞	98 13/16	95½

STATEMENT XXII

INDEX NUMBERS OF PRICES OF INDIAN SECURITIES (1927-28=100)

(Prepared in the office of the Economic Adviser to the Government of India)

(Reference paragraph 58)

Year and Month	Government Securities	Fixed Yield Industrial Securities	Variable Yield Industrial Securities: Cotton (22 shares)	Jute (20 shares)	Coal (13 shares)	Iron and steel (3 shares)	Tea (19 shares)	Sugar (3 shares)	Cement (1 share)	Paper (2 shares)	General Index. (Col. 3-10)
	1	2	3	4	5	6	7	8	9	10	11
1941-42	**115·9**	**155·9**	**111·0**	**57·2**	**152·5**	**504·3**	**77·7**	**107·2**	**193·9**	**323·9**	**129·0**
1942-43	**115·0**	**144·9**	**146·6**	**53·9**	**161·3**	**441·5**	**86·9**	**141·7**	**235·9**	**359·9**	**138·6**
1943-44	**117·2**	**164·3**	**198·8**	**65·6**	**227·2**	**555·9**	**118·0**	**211·4**	**278·4**	**488·0**	**182·2**
August 1939 ..	117·6	137·7	59·4	47·7	131·7	369·5	57·8	74·7	149·6	174·0	98·5
December „ ..	111·2	135·1	101·3	68·5	176·7	614·0	73·9	108·6	170·3	408·0	130·7
March 1940 ..	116·7	141·4	84·8	59·7	161·8	562·2	70·7	90·7	154·3	370·4	122·1
June „	107·8	138·5	..	..	..	..	..	..	..	..	(a)
September „	114·3	143·9	77·8	51·2	141·1	451·8	65·2	77·8	144·9	274·6	110·6
December „	116·4	154·6	88·4	52·8	153·4	518·6	67·0	91·3	177·9	287·5	119·3
March 1941 ..	117·4	158·6	96·3	54·2	150·0	545·7	70·2	95·8	181·3	288·3	123·8
June „	117·6	157·3	95·0	58·9	144·8	537·7	71·7	88·9	179·4	309·8	123·2
September „	118·0	163·2	116·2	61·4	162·1	570·3	78·3	111·7	194·2	355·9	136·2
December „	116·2	155·8	128·0	52·4	152·5	470·6	82·7	122·4	206·4	328·4	132·1
March 1942	109·8	131·2	104·2	51·3	151·8	351·4	79·3	115·4	192·0	315·8	119·6
1942–43											
April	110·5	130·4	102·0	51·1	151·0	359·1	78·7	114·6	197·6	309·3	119·1
May	112·3	131·0	109·3	50·8	150·2	386·0	78·8	127·6	202·3	309·3	122·8
June	113·1	137·0	117·5	50·4	150·8	386·2	77·7	133·9	211·4	308·8	124·3
July	115·2	141·1	123·0	50·3	149·4	409·5	78·9	134·7	210·8	316·2	126·8
August	115·5	142·2	123·8	49·6	149·0	422·2	79·4	133·6	211·1	317·1	127·4
September	116·1	147·7	144·8	53·5	156·8	440·7	81·2	145·3	230·9	343·0	136·3
October	116·2	148·5	150·3	54·6	159·9	447·3	84·0	146·5	238·4	374·1	140·0
November	116·3	150·4	165·4	58·6	170·4	498·4	91·5	151·8	255·3	397·8	149·2
December	116·2	153·5	158·5	53·7	167·8	419·1	92·2	144·5	249·7	396·1	143·7
January	116·1	152·0	179·7	57·2	173·1	492·2	93·0	156·1	272·3	410·9	152·7
February	116·1	153·6	189·0	58·0	174·7	523·2	100·7	151·4	271·6	415·6	158·3
March	116·1	157·1	196·1	59·5	182·8	513·5	107·2	160·1	278·9	421·0	162·8
1943–44											
April	116·1	157·9	216·1	63·3	189·7	544·1	112·4	190·3	297·7	483·4	174·5
May	115·8	159·8	198·9	63·8	187·9	542·5	117·0	187·2	289·8	469·7	170·7
June	116·1	160·2	191·8	66·9	201·0	569·4	117·9	203·0	291·1	478·8	174·8
July	116·8	160·8	177·6	62·7	198·5	542·1	113·3	191·7	272·9	461·6	168·8
August	117·0	162·9	191·0	62·3	205·4	578·7	112·1	205·5	268·2	441·1	170·9
September	117·3	164·1	192·6	64·8	227·4	534·5	116·0	181·6	274·6	471·0	176·3
October	117·5	165·3	195·3	64·4	237·8	535·4	118·8	235·6	270·4	498·4	183·1
November	117·6	165·6	200·4	67·3	243·8	549·1	119·1	233·0	281·1	496·9	188·9
December	117·6	165·7	195·4	65·2	243·5	530·5	119·5	223·5	283·6	485·6	186·8
January	118·3	168·3	218·5	68·0	264·8	594·8	126·7	231·5	275·4	524·5	200·1
February	118·2	169·1	205·3	69·0	264·8	574·4	123·7	227·2	272·3	509·7	196·2
March	117·7	171·6	203·2	69·1	261·6	575·0	119·8	226·8	281·7	534·9	195.3

(a) Not available.

STATE

INDIAN MONEY

(Reference

	Bank Rate*	Imperial Bank of India Hundi Rate†		Call Money Rate Calcutta		Call Money Rate Bombay		Bazar Bill Calcutta	
		Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1935–36 ..	3 (3½ up to November)	3½ Apr.-Nov.	3 Dec.-Mar.	1 Apr.-July	½ Feb.-Mar.	3½ April	¼ Sept.-Mar.	7 to 8 Apr.-June	5 to 6 Aug.-Nov. &Jan.-Mar.
1936–37 ..	3	3	3	½ Apr.-June	¼ July-Mar.	1½ Jan.	¼ Sept.-Nov.	5 to 6	
1937–38 ..	3	3	3	¾ Apr.-July, Feb.-Mar.	½ Aug.-Jan.	1¼ April	¼ Aug.-Dec.	7 to 8 Nov.-Mar.	5 to 6 Apr.-Sept.
1938–39 ..	3	3	3	2½ Jan.-Feb.	¼ July	2¾ Jan.-Feb.	¼ July, Sept., & Nov.	7 to 8 Apr.-June	6 to 7 July-Mar.
1939–40 ..	3	3½ Nov.-Mar.	3 Apr.-Oct.	2 Apr.-May	¼ Aug.-Sept.	2¼ April	¼ Aug.-Sept.	6 to 7	
1940–41 ..	3	3½ Apr.-Jan.	3 Feb.-Mar.	¾ Apr. & June	½ May & July -Mar.	1¾ April	¼ Aug.-Mar.	6 to 7	
1941–42	3	3		½		½ Apr. & Jan.	¼ May-Dec. Feb.-Mar.	6 to 7	
1942–43 ..	3	3		½			¼	6 to 7	
1943–44 ..	3	3		½			¼	6 to 7	
1st of									1943–
Apr. ..	3	3		½			¼	6 to 7	
May ..	3	3		½			¼	6 to 7	
June ..	3	3		½			¼	6 to 7	
July ..	3	3		½			¼	6 to 7	
Aug. ..	3	3		½			¼	6 to 7	
Sept. ..	3	3		½			¼	6 to 7	
Oct. ..	3	3		½			¼	6 to 7	
Nov. ..	3	3		½			¼	6 to 7	
Dec. ..	3	3		½			¼	6 to 7	
Jan. ..	3	3		½			¼	6 to 7	
Feb. ..	3	3		½			¼	6 to 7	
Mar. ..	3	3		½			¼	6 to 7	

*The standard rate at which the Reserve Bank of India is prepared to buy or rediscount bills of exchange Imperial Bank discounts first class three months' commercial bills. ‡Rates at which the bills of small traders are reported

MENT XXIII

RATES SINCE 1935–36

paragraph 59).

Rate‡ Bombay		Average Treasury Bill Rate per cent. per annum	Deposit Rates§ 3 months		6 months		12 months	
Highest	Lowest		Highest	Lowest	Highest	Lowest	Highest	Lowest
6¾ Apr.-July	3 October	1·21	..	..	..	..	..	..
5½ Apr.-May, Jan.-Mar.	3⅜ July-Dec.	0·78	..	..	..	..	..	..
5½ (unchanged)	5½	0·97	..	..	..	..	..	..
5⅝ Apr. & Feb.	3 October	1·63	2½ January	¾ Aug.-Sept.	2¼ Dec.-Jan.	1¼ Aug.-Sept.	2 Dec.-Jan.	1½ Aug.-Sept.
6¾ Jan.-Mar.	5½ Apr.-Aug. Oct.-Nov.	1·86	2½ Sept.-Feb.	1 June	2½ Sept.	1 June-July	2 Sept. & Dec.-Mar.	1½ Nov.
6¾ Jan.-Mar.	5½ Apr.-Aug. Oct.-Nov.	0·89	2½ April	¾ Sept.-Mar.	2¼ April	1¼ Aug.-Mar.	2 April	1¾ May-Mar.
6¾ Jan.-Mar.	4½ Aug.-Oct.	0·82	1 to 1¼ Feb.-Mar.	½ Sept.	1½ to 1¾ Feb.-Mar.	1 Aug.-Sept.	1¾ to 2 March	1½ to 2 January
6¾ April	5 Aug.-Oct.	0·87	1 to 1¼ Apr.-May	½ to ¾ Sept.-Oct.	1½ to 1¾ Apr.-May	¾ to 1 Sept.-Oct. Dec.-Jan.	1¾ to 2 Apr.-May	1½ to 1¾ June.-Mar.
6 April	4½ May.-Oct.	0·90	¾ to 1 Apr.-June Dec.-Jan.	½ to ¾ July-Nov. Feb.-Mar	1¼ to 1½ Apr.-June	1 to 1¼ July.-Mar.	1½ to 1¾	
44								
	6	1·09	¾ to 1		1¼ to 1½		1½ to 1¾	
	4½	1·06	¾ to 1		1¼ to 1½		1½ to 1¾	
	4½	1·04	¾ to 1		1¼ to 1½		1½ to 1¾	
	4½	1·01	½ to ¾		1 to 1¼		1½ to 1¾	
	4½	0·93	½ to ¾		1 to 1¼		1½ to 1¾	
	4½	0·85	½ to ¾		1 to 1¼		1½ to 1¾	
	4½	0·76	½ to ¾		1 to 1¼		1½ to 1¾	
	5½	0·84	½ to ¾		1 to 1¼		1½ to 1¾	
	5½	0·75	¾ to 1		1 to 1¼		1½ to 1¾	
	5½	0·57	¾ to 1		1 to 1¼		1½ to 1¾	
	5½	0·74	½ to ¾		1 to 1¼		1½ to 1¾	
	5½	0·80	½ to ¾		1 to 1¼		1½ to 1¾	

or other commercial paper eligible for purchase under the Reserve Bank of India Act. †The rate at which the to have been discounted by shroffs. These are unofficial quotations. §As quoted by the larger banks in Bombay.

STATEMENT XXIV

SCHEDULED BANKS' CONSOLIDATED POSITION IN INDIA AND BURMA SINCE 1935–36

(Reference paragraph 60)

(In lakhs of rupees)

Average of Friday figures	Demand Liabilities (a)	Time Liabilities (b)	Cash (c)	Balances with Reserve Bank (d)	Excess of (d) over the statutory minimum (e)	% of (c+d) to (a+b)	Advances (f)	Bills Discounted (g)	% of (f+g) to (a+b)
1935–36 ..	1,21,90	98,66	5,95	31,86	23,79	*17.14*	87,70	3,56	*41.38*
1936-37 ..	1,28,58	1,01,32	6,01	26,27	17,81	*14.04*	95,11	4,70	*43.41*
1937–38 ..	1,32,77	1,09,04	6,61	24,62	15,81	*12.92*	1,13,43	6,28	*49.51*
1938–39 ..	1,29,98 (6,17)	1,07,85 (4,55)	6,64 (26)	15,94	7,28	*9.50*	1,15,85 (4,51)	4,86 (26)	*50.75*
1939–40 ..	1,39,65 (7,01)	1,06,03 (4,08)	7,08 (35)	17,43	8,33	*9.98*	1,25,89 (4,42)	5,25 (28)	*53.38*
1940–41 ..	1,63,90 (8,11)	1,04,94 (3,75)	8,37 (42)	36,42	26,13	*16.66*	1,22,13 (4,43)	3,84 (15)	*46.86*
1941–42 ..	2,11,35 (11,22)	1,07,61 (4,24)	9,86 (70)	36,65	23,93	*14.58*	1,20,20 (4,88)	4,93 (9)	*39.23*
1942–43* ..	3,06,28	1,04,21	12,97	55,73	38,33	*16.73*	95,68	2,18	*23.83*
1943–44* ..	4,56,63	1,42,78	20,57	63,63	37,99	*14·05*	156,14	5,59	*26·98*
1943–44									
April ..	3,74,75	1,23,59	16,32	44,35	23,14	*12·17*	1,31,66	4,40	*27·30*
May ..	3,90,87	1,25,95	17,51	49,50	27,44	*12·97*	1,41,35	5,06	*28·33*
June ..	4,11,24	1,29,85	17,68	54,61	31,45	*13·36*	1,42,60	4,94	*27·27*
July ..	4,28,11	1,33,52	18,09	59,09	35,01	*13·74*	1,43,24	4,19	*26·25*
August ..	4,37,77	1,36,61	19,00	57,65	33,03	*13·34*	1.44,02	3,67	*25·71*
September ..	4,52,76	1,35,00	20,23	71,24	45,90	*15·56*	1,44,13	3,73	*25·16*
October ..	4,65,80	1,36,71	21,12	68,07	42,05	*14·80*	1,50,48	4,23	*25·68*
November ..	4,82,34	1,42,50	22,09	74,11	47,14	*15·40*	1,53,04	5,51	*25·37*
December ..	4,98,91	1,52,34	23,48	92,84	64,85	*17·86*	1,58,62	6,36	*25·33*
January ..	5,02,56	1,61,94	23,59	76,12	47,75	*15·01*	1,71,73	7,26	*26·94*
February ..	5,11,83	1,68,08	23,67	59,23	30,28	*12·19*	1,87,20	8,03	*28·71*
March ..	5,21,25	1,67,36	24,01	56,12	26,71	*11·64*	2,03,85	9,51	*30·98*

Note:—Burma figures shown in brackets.

*Figures for India only.

STATEMENT XXV

Clearing House Statistics since 1918–19

(Reference paragraph 61)

(In lakhs of rupees)

	Calcutta	Bombay	Madras	Karachi	Rangoon	Cawnpore	Lahore	Delhi	Other Centres	Total
1918–19	7,41,13	5,69,46	25,45	22,30	73,85	..	..	..	..	14,32,19
1919–20	10,55,76	8,83,02	33,95	23,13	94,74	..	..	..	..	20,90,60
1920–21	14,39,93	13,15,93	75,79	33,42	1,04,84	6,63	..	..	..	29,76,54
1921–22	9,05,01	9,06,73	39,54	36,73	1,22,02	9,01	5,86	..	..	20,24,90
1922–23	9,80,26	8,58,73	45,13	33,58	1,25,96	7,93	8,49	..	..	20,60,08
1923–24	8,53,05	7,07,98	55,41	41,52	1,32,82	6,38	5,85	..	..	18,03,01
1924–25	9,54,11	6,21,66	55,96	46,13	1,17,21	5,72	5,57	..	..	18,06,36
1925–26	10,12,19	4,45,05	56,80	36,14	1,25,33	6,16	6,86	..	..	16,88,53
1926–27	9,61,01	4,22,68	54,53	31,07	1,24,42	8,16	7,70	..	..	16,09,57
1927–28	10,54,02	3,89,80	59,79	30,82	1,25,57	7,00	7,59	..	..	16,74,59
1928–29	10,94,00	6,52,35	65,73	28,02	1,25,00	7,31	8,69	..	..	19,81,10
1929–30	9,60,97	7,93,66	82,19	26,49	1,20,70	7,56	8,17	..	..	19,99,74
1930–31	8,66,28	6,66,61	50,36	24,47	1,06,55	5,71	10,67	..	..	17,30,65
1931–32	7,31,09	6,23,82	43,97	23,23	78,90	5,63	9,02	..	..	15,15,66
1932–33	7,90,37	6,67,42	48,85	25,56	70,75	7,08	8,50	..	..	16,18,53
1933–34	8,30,88	6,55,47	53,19	26,78	56,12	8,88	9,88	..	..	16,41,20
1934–35	8,75,69	6,89,17	56,22	28,96	61,03	11,51	10,43	..	..	17,33,01
1935–36	9,18,68	7,16,74	69,23	30,12	72,00	11,69	11,16	13,73	..	18,43,35
1936–37	9,23,68	7,62,38	91,39	31,94	83,75	11,51	11,40	15,61	..	19,31,66
1937–38	9,66,93	8,15,56	1,09,64	35,53	82,07	11,91	11,21	18,27	..	20,51,12
1938–39	9,34,65	7,86,22	98,91	32,66	81,40	11,76	10,36	18,58	28,31	20,03,20
1939–40	11,54,03	8,83,97	99,94	37,53	97,55	14,22	11,14	20,35	31,73	23,50,46
1940–41	10,08,53	8,02,32	1,08,65	46,76	1,18,64	19,20	16,33	28,53	42,28	21,91,24
1941–42	12,33,61	10,48,60	1,36,41	58,80	1,09,15*	29,59	26,71	41,35	91,27	27,75,49
1942–43	10,74,66	13,45,23	1,31,40	77,51	..	56,21	48,76	81,94	1,63,38	29,79,09
1943–44	17,18,61	19,66,69	1,96,80	1,01,36	..	1,01,06	77,80	1,19,16	2,97,74	45,79,22

* Figures from December 1941 not available.

STATEMENT XXVI

NUMBER AND AMOUNT OF CHEQUES CLEARED AT EACH CENTRE, 1943–44

(Reference paragraph 61)

(Rupees in lakhs)

Centre	1943-44 April	May	June	July	August	September	October	November	December	January	February	March	Total
BOMBAY—													
Number ..	5,65,731	5,42,515	5,20,561	5,23,856	5,29,865	5,44,538	5,12,903	6,30,936	5,99,725	5,99,079	5,85,376	6,22,071	**67,77,156**
Amount ..	1,60,16	1,64,56	1,43,39	1,51,68	1,54,78	1,43,70	1,34,34	1,65,03	1,78,44	1,84,47	1,79,42	2,06,72	**19,66,69**
CALCUTTA—													
Number ..	4,23,354	4,21,849	4,36,484	4,42,279	4,11,871	4,43,764	3,53,632	5,08,089	4,50,074	4,58,299	4,61,829	4,99,222	**53,10,746**
Amount ..	1,22,98	1,29,94	1,34,28	1,36,08	1,39,29	1,52,31	1,14,14	1,52,16	1,40,21	1,53,41	1,60,42	1,83,39	**17,18,61**
CAWNPORE—													
Number ..	23,335	23,688	21,436	21,863	22,001	26,738	22,990	28,932	29,140	28,929	30,604	30,964	**3,10,620**
Amount ..	7,61	8,14	6,68	6,50	6,35	9,75	7,21	9,09	9,28	10,44	9,43	10,58	**1,01,06**
DELHI—													
Number ..	72,835	72,781	73,692	75,400	74,306	72,966	68,887	80,604	65,751	63,957	61,336	70,334	**8,52,849**
Amount ..	8,68	9,09	7,89	8,88	8,75	9,27	9,17	11,43	11,26	11,10	11,06	12,58	**1,19,16**
KARACHI—													
Number ..	44,170	46,689	44,936	45,716	43,259	45,176	40,568	48,433	44,852	46,821	44,054	48,621	**5,43,295**
Amount ..	7,85	7,98	8,99	7,86	7,57	9,15	7,46	8,38	8,58	8,98	8,87	9,69	**1,01,36**
LAHORE—													
Number ..	51,921	48,822	45,204	50,300	46,934	45,987	45,987	55,078	53,280	52,624	56,362	65,423	**6,17,922**
Amount ..	5,57	5,44	4,78	7,85	6,71	5,65	5,94	6,31	6,53	6,35	8,31	8,36	**77,80**
MADRAS—													
Number ..	1,02,772	1,01,236	1,03,054	1,08,775	1,09,194	1,08,003	1,02,686	1,12,751	1,09,297	1,04,610	1,11,383	1,19,731	**12,93,492**
Amount ..	14,79	15,45	15,33	14,78	15,57	17,10	13,86	17,15	20,40	16,17	16,36	19,84	**1,96,80**
OTHER CENTRES*													
Number ..	1,51,929	1,02,295	1,07,871	95,475	1,08,712	1,20,439	1,15,678	1,45,220	1,34,252	1,30,925	1,36,909	1,60,540	**15,10,245**
Amount ..	24,07	22,73	20,44	18,93	18,62	28,65	21,83	26,79	26,44	25,34	27,17	36,73	**2,97,74**
Total—													
Number ..	**14,36,047**	**13,59,875**	**13,53,238**	**13,63,664**	**13,46,142**	**14,07,611**	**12,63,331**	**16,10,043**	**14,86,371**	**14,85,244**	**14,87,853**	**16,16,906**	**1,72,16,325**
Amount ..	**3,51,71**	**3,63,33**	**3,41,78**	**3,52,56**	**3,57,64**	**3,75,58**	**3,13,95**	**3,96,34**	**4,01,14**	**4,16,26**	**4,21,04**	**4,87,89**	**45,79,22**

* Ahmedabad, Allahabad, Amritsar, Calicut, Coimbatore, Lucknow, Madura, Mangalore, Nagpur, Patna, Simla and Rawalpindi.

STATEMENT XXVII

(A) Remittances through the Reserve Bank of India

Telegraphic Transfers issued and paid, 1943-44

(Reference paragraph 62)

(In lakhs of rupees)

Centre	1941–42				1942–43				1943–44			
	April to September		October to March		April to September		October to March		April to September		October to March	
	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid
Bombay ..	43,29	71,26	46,65	63,91	34,91	115,92	109,93	150,79	79,91	183,79	116,08	210,78
Calcutta ..	90,46	52,12	101,63	48,59	158,62	63,31	251,91	123,54	255,59	104,25	306,28	140,01
Cawnpore ..	6,23	8,65	4,35	12,23	5,31	13,81	3,36	27,72	9,86	21,88	10,55	23,79
Delhi ..	6,27	2,34	8,70	3,58	7,97	3,17	12,09	7,03	22,63	11,35	27,47	19,40
Karachi ..	6,64	7,82	7,10	11,41	8,65	12,72	15,68	18,95	18,76	18,10	18,31	22,22
Lahore ..	8,87	8,62	7,01	22,40	12,20	23,20	8,97	45,44	18,80	38,54	22,54	43,65
Madras ..	11,02	16,49	7,52	21,40	5,68	22,00	8,45	30,86	16,32	26,45	14,07	33,88
**Total ..	**172,78**	**167,30**	**182,96**	**183,52**	**233,34**	**254,13**	**410,39**	**404,33**	**421,87**	**404,36**	**515,30**	**493,73**

(B) Remittances through the Imperial Bank of India, 1943-44*

(Reference paragraph 62)

(In lakhs of rupees)

From Offices in	To Offices in											
	1941-42				1942-43				1943-44			
	Bengal Circle	Bombay Circle	Madras Circle	Total	Bengal Circle	Bombay Circle	Madras Circle	Total	Bengal Circle	Bombay Circle	Madras Circle	Total
Bengal Circle	148,71	60,68	6,76	**216,15**	208,65	92,22	9,62	**310,49**	330,59	124,66	15,28	**470,53**
Bombay Circle	26,40	97,85	11,09	**135,34**	43,28	149,61	25,45	**218,34**	70,27	219,49	22,57	**312,33**
Madras Circle	8,40	19,06	61,27	**88,73**	9,84	27,43	91,99	**129,26**	25,23	43,15	126,23	**194,61**
**Total ..	**183,51**	**177,59**	**79,12**	**440,22**	**261,77**	**269,26**	**127,06**	**658,09**	**426,09**	**387,30**	**164,08**	**977,47**

* Telegraphic Transfers paid, Mail Transfers received and Drafts paid.

101
C.X. 0.42.
108850

STATEMENT XXVII—(*contd.*)

(C) Remittances effected between the Reserve Bank of India and the Imperial Bank of India and Treasury Agencies

(*Reference paragraph* 62)

(In lakhs of rupees)

	HALF-YEAR ENDED 30-9-42				HALF-YEAR ENDED 31-3-43				HALF-YEAR ENDED 30-9-43			
	Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
The General Public	17,674	32,57	3,27,863	55,05	23,184	58,62	3,42,351	68,05	20,388	67,03	3,38,498	78,49
Scheduled Banks :												
At par	5,324	135,68	3,135	18,72	5,121	219,72	3,407	19,69	7,246	277,60	3,379	23,36
At premium	3,291	11,34	13,543	7,70	4,588	25,10	14,393	10,38	4,589	27,02	14,998	12,45
Approved Non-Scheduled Banks & Indigenous Bankers (under para. 3C of the Remittance Facilities Scheme)	357	71	4,139	2,47	584	1,41	4,398	3,31	643	1,69	4,746	4,33
Co-operative Banks and Societies :												
At par	76	1,27	502	1,71	67	66	464	1,29	87	1,27	596	2,86
At premium	121	22	10,667	5,47	283	1,11	11,375	7,19	174	1,09	11,593	8,47
Local Funds at a premium (under para. 3E (*i*) (*f*) of the Remittance Facilities Scheme) ..	36	—	2,693	23	2	—	3,038	19	69	53	2,710	24
Other remittances at par ..	1,357	6,49	92,958	22,18	1,766	11,37	99,338	29,01	1,333	8,05	1,00,247	38,10
Government :												
Intra-Provincial at par ..	—	—	84,708	8,35	104	3	1,01,747	13,42	69	8	1,04,585	21,67
Extra-Provincial at premium	—	—	12,998	1,59	20	—	15,455	3,90	31	28	11,633	4,75
Total ..	**28,236**	**188,28**	**5,53,206**	**123,47**	**35,719**	**318,02**	**5,95,966**	**156,43**	**34,629**	**384,64**	**5,92,985**	**194,72**

STATEMENT XXVIII

RESERVE BANK OF INDIA : BANKING DEPARTMENT SINCE 1935-36*

(Reference paragraph 63)

(In lakhs of rupees)

Average of Friday figures	Deposits					Other Liabilities	Total of Assets or Liabilities	Notes and Coin	Balances held abroad	Loans & Advances to Governments	Other Loans & Advances	Bills purchased & discounted	Investments	Other Assets
	Central Govt.	Other Govts.	Banks	Others	Total									
1935-36	11,26	..	27,26	9	**38,61**	91	**49,52**	27,68	14,99	86	1	..	5,47	51
1936-37	9,83	..	26,56	41	**36,80**	1,13	**47,93**	25,90	13,61	1,54	1	1	6,04	82
1937-38	11,37	..	24,96	69	**37,02**	87	**47,89**	25,70	13,48	79	2	6	7,12	72
1938-39	14,90	..	16,19	75	**31,84**	1,28	**43,12**	28,38	4,21	1,72	2	1,53	6,36	90
1939-40	6,84	7,00	17,82	1,05	**32,71**	1,54	**44,25**	18,88	12,34	1,05	11	2,87	7,25	1,75
1940-41	10,03	7,37	36,84	1,91	**56,15**	2,56	**68,71**	17,39	39,32	2,01	7	97	7,78	1,17
1941-42	9,65	7,95	37,73	3,89	**59,22**	4,33	**73,55**	12,35	46,08	4,09	4	27	8,96	1,76
1942-43	12,99	8,10	57,36	3,30	**81,75**	7,91	**99,86**	11,92	75,11	1,49	4	68	7,12	3,30
1943-44	29,31	13,16	64,69	6,65	**113,81**	10,82	**134,63**	10,67	111,72	49	15	91	7,61	3,08
1942-43														
April	4,79	10,12	42,03	1,80	**58,74**	10,03	**78,77**	11,94	46,36	5,09	6	1,20	8,44	5,68
May	11,02	5,83	51,26	1,95	**70,06**	8,98	**89,04**	12,21	57,61	3,43	11	52	8,32	6,84
June	5,58	6,77	60,38	2,07	**74,80**	9,55	**94.35**	12,01	62,66	3,86	..	13	8,57	7,12
July	15,03	7,44	64,55	2,05	**89,07**	6,62	**105,69**	12,95	81,81	63	..	6	8,23	2,01
August	7,43	5,96	67,06	2,53	**82,98**	6,07	**99,05**	12,39	76,95	88	..	18	6,59	2,06
September	12,47	5,00	65,15	5,00	**87,62**	6,46	**104,08**	11,50	82,16	1,52	..	29	6,59	2,02
October	13,56	6,65	67,17	3,51	**90,89**	6,65	**107,54**	10,70	87,57	39	..	26	6,60	2,02
November	11,85	7,53	64,57	4,20	**88,15**	7,37	**105,52**	10,86	85,22	25	..	58	6,61	2,00
December	16,81	7,57	53,49	4,63	**82,50**	7,22	**99,72**	12,59	76,83	67	8	1,00	6,30	2,25
January	12,59	10,10	50,19	4,43	**77,31**	7,64	**94,95**	12,87	70,45	80	1	1,87	6,37	2,58
February	28,13	9,69	49,20	3,58	**90,60**	8,85	**109,45**	11,69	86,75	13	10	1,59	6,58	2,61
March	16,64	15,10	52,33	4,09	**88,16**	9,91	**108,07**	11,12	87,69	40	11	45	5,98	2,32
1943-44														
April	15,16	15,85	45,60	3,95	**80,56**	10,49	**101,05**	10,64	80,16	1,06	3	62	5,54	3,00
May	12,93	11,91	50,99	3,90	**79,73**	11,70	**101,43**	11,21	78,45	22	25	61	7,48	3,21
June	13,37	10,44	55,50	3,07	**82,38**	12,57	**104,95**	11,47	80,68	7	78	65	7,49	3,81
July	17,64	9,56	60,31	2,95	**90,46**	10,42	**110,88**	10,84	89,43	30	20	10	7,83	2,18
August	24,96	9,20	58,73	3,66	**96,55**	7,24	**113,79**	10,93	90,86	68	5	92	7,65	2,70
September	14,78	12,06	72,60	8,87	**108,31**	7,42	**125,73**	12,53	101,83	48	2	39	7,70	2,78
October	34,77	12,35	69,35	9,03	**125,50**	7,28	**142,78**	11,86	118,63	26	..	1,16	7,91	2,96
November	55,70	11,96	75,15	8,27	**151,08**	9,67	**170,75**	9,98	150,08	11	..	..	7,43	3,15
December	23,39	10,03	93,89	7,33	**134,64**	9,49	**154,13**	9,10	133,26	81	7	3	7,65	3,21
January	32,14	13,92	76,44	6,77	**129,27**	14,81	**154,08**	9,17	130,34	71	8	2,61	7,89	3,28
February	45,99	10,74	59,61	11,61	**127,89**	13,58	**151,47**	10,16	124,91	81	..	3,99	8,29	3,31
March	59,83	27,52	57,35	10,30	**155,00**	15,45	**180,45**	10,27	157,06	31	30	38	8,57	3,56

* Capital and Reserves, rupees ten crores.

STATEMENT XXIX

Reserve Bank of India : Banking Department
Weekly Statement of Assets and Liabilities, 1943-44

(*Reference paragraph* 63)

(In lakhs of rupees)

Friday 1943-44		Deposits					Other Liabilities	Total Liabilities or Assets	Notes and Coin	Balances held abroad	Loans and Advances to Govts.	Other Loans & Advances	Bills purchased & discounted	Investments	Other Assets
		Central Government	Other Govts.	Banks	Others	Total									
Apr.	2	19,29	16,78	41,08	4,49	**81,64**	10,79	**102,43**	9,43	84,19	2	1	62	5,58	2,58
,,	9	14,31	15,72	47,00	3,71	**80,74**	9,12	**99,86**	8,89	80,90	58	2	55	5,60	3,32
,,	16	12,45	14,77	46,56	3,47	**77,25**	10,56	**97,81**	11,93	74,47	2,03	—	78	5,64	2,96
,,	23	14,52	16,44	46,35	3,99	**81,30**	10,80	**102,10**	10,61	80,17	2,09	—	76	5,45	3,02
,,	30	15,22	15,53	47,01	4,11	**81,87**	11,18	**103,05**	12,35	81,06	58	14	41	5,42	3,09
May	7	10,19	15,40	47,52	3,99	**77,10**	11,15	**98,25**	10,54	75,80	82	12	36	7,48	3,13
,,	14	13,93	12,25	49,07	3,11	**78,36**	11,38	**99,74**	10,99	77,36	—	8	63	7,48	3,20
,,	21	14,05	10,56	49,54	4,37	**78,52**	13,45	**101,97**	12,01	78,30	—	17	78	7,48	3,23
,,	28	13,57	9,40	57,85	4,11	**84,93**	10,84	**105,77**	11,29	82,33	4	65	68	7,48	3,30
June	4	13,13	12,09	53,11	3,46	**81,79**	11,56	**103,35**	11,35	79,22	—	1,11	68	7,49	3,50
,,	11	12,07	9,03	53,18	3,02	**77,30**	13,25	**100,55**	11,31	76,27	26	1,01	41	7,49	3,80
,,	18	8,96	10,23	59,57	2,80	**81,56**	12,89	**104,45**	11,66	80,02	—	70	75	7,49	3,83
,,	25	19,33	10,37	56,14	3,01	**88,85**	12,59	**111,44**	11,56	87,21	—	30	75	7,51	4,11
July	2	15,43	9,96	53,03	3,12	**81,54**	12,51	**104,05**	12,66	81,83	—	13	30	7,38	1,75
,,	9	16,34	8,11	54,14	3,27	**81,86**	13,88	**105,24**	10,75	84,67	64	10	—	7,39	1,69
,,	16	16,25	8,96	63,55	3,13	**91,89**	11,48	**113,37**	10,74	93,12	22	25	—	7,39	1,65
,,	23	19,45	10,58	65,38	2,74	**98,15**	6,07	**114,22**	9,48	92,03	36	—	10	9,31	2,94
,,	30	20,75	10,19	65,43	2,51	**98,88**	8,65	**117,53**	10,57	95,50	31	50	10	7,67	2,88
Aug.	6	22,71	8,43	55,72	2,38	**89,24**	9,27	**108,51**	10,18	87,02	38	10	70	7,54	2,59
,,	13	25,09	7,34	55,95	3,85	**92,23**	6,26	**108,49**	10,94	85,41	83	—	95	7,67	2,69
,,	20	22,95	10,49	62,68	3,79	**99,91**	7,04	**116,95**	10,76	94,33	38	10	95	7,67	2,76
,,	27	29,08	10,53	60,57	4,63	**104,81**	6,41	**121,22**	11,86	96,67	1,12	—	1,10	7,71	2,76

Sept.	3	..	4,70	13,77	77,53	5,98	**101,98**	6,07	**118,05**	9,67	96,12	1,12	—	73	7,79	2,62
„	10	..	19,33	9,11	71,53	8,52	**108,49**	8,58	**127,07**	11,83	103,25	54	2	73	7,79	2,91
„	17	..	16,48	10,56	68,02	9,98	**105,04**	9,22	**124,26**	13,68	99,72	28	4	10	7,66	2,78
„	24	..	18,61	14,80	73,33	10,99	**117,73**	5,80	**133,53**	14,94	108,21	—	—	—	7,57	2,81
Oct.	1	..	22,47	12,71	73,94	6,54	**115,66**	6,06	**131,72**	10,80	108,24	28	—	1,90	7,59	2,91
„	8	..	36,29	13,11	64,51	8,44	**122,35**	7,39	**139,74**	9,87	116,77	31	—	2,40	7,44	2,95
„	15	..	29,67	9,88	68,02	9,22	**116,79**	7,68	**134,47**	14,41	108,56	66	—	50	7,41	2,93
„	22	..	38,70	12,86	68,46	10,28	**130,30**	7,78	**148,08**	15,08	119,21	2	—	50	10,31	2,96
„	29	..	46,71	13,19	71,81	10,70	**142,41**	7,47	**159,88**	9,13	140,39	—	2	50	6,81	3,03
Nov.	5	..	49,51	14,47	66,40	8,20	**138,58**	10,27	**158,85**	9,53	138,91	10	—	—	7,21	3,10
„	12	..	54,72	11,07	69,90	8,12	**143,81**	8,80	**162,61**	9,88	142,23	—	—	—	7,39	3,11
„	19	..	56,19	11,59	80,22	8,65	**156,65**	9,29	**175,94**	10,01	155,16	4	—	—	7,54	3,19
„	26	..	62,40	10,68	84,08	8,10	**165,26**	10,33	**185,59**	10,48	164,03	30	—	—	7,59	3,19
Dec.	3	..	47,73	9,62	94,40	9,37	**161,12**	8,59	**179,71**	7,54	160,66	65	—	—	7,59	3,27
„	10	..	20,02	8,07	95,97	7,85	**131,91**	8,74	**150,65**	7,99	130,73	1,02	—	4	7,64	3,23
„	17	..	18,57	7,51	98,16	7,42	**131,66**	10,28	**151,94**	9,41	129,69	2,10	—	4	7,64	3,06
„	24	..	16,78	14,52	90,78	4,84	**126,92**	9,64	**146,56**	10,77	124,63	3	18	3	7,69	3,23
„	31	..	13,87	10,41	90,17	7,17	**121,62**	10,19	**141,81**	9,79	120,60	26	19	3	7,69	3,25
Jan.	7	..	16,10	10,96	80,27	7,85	**115,18**	18,05	**143,23**	7,89	123,70	30	11	11	7,85	3,27
„	14	..	38,66	10,40	73,39	9,05	**131,50**	13,70	**155,20**	10,50	128,68	1,23	20	3,44	7,84	3,31
„	21	..	39,75	15,86	74,70	4,83	**135,14**	15,33	**160,47**	8,80	135,99	1,07	—	3,44	7,82	3,35
„	28	..	34,06	18,44	77,38	5,36	**135,24**	12,18	**157,42**	9,51	132,98	23	—	3,44	8,05	3,21
Feb.	4	..	39,72	10,62	63,55	8,74	**122,63**	12,97	**145,60**	7,21	120,85	1,31	—	4,73	8,22	3,28
„	11	..	43,51	8,33	56,84	12,48	**121,16**	13,41	**144,57**	9,66	117,63	1,20	—	4,55	8,21	3,32
„	18	..	44,25	9,80	59,72	15,88	**129,65**	13,35	**153,00**	10,95	126,37	43	—	3,69	8,21	3,35
„	25	..	56,47	14,21	58,10	9,35	**138,13**	14,59	**162,72**	12,84	134,78	30	—	3,00	8,50	3,30
Mar.	3	..	45,60	32,95	62,79	10,06	**151,40**	14,58	**175,98**	10,61	151,42	23	20	1,55	8,50	3,47
„	10	..	56,70	25,97	55,15	7,18	**145,00**	15,45	**170,45**	8,01	150,04	28	—	5	8,55	3,52
„	17	..	59,98	28,53	55,44	7,28	**151,23**	14,50	**175,73**	9,01	154,28	35	—	5	8,55	3,49
„	24	..	60,47	24,79	63,46	11,53	**160,25**	16,98	**187,23**	11,07	163,35	42	20	5	8,56	3,58
„	31	..	76,40	25,35	49,92	15,48	**167,15**	15,72	**192,87**	12,66	166,23	25	1,11	20	8,67	3,57

STATEMENT XXX

Reserve Bank of India: Issue Department

Weekly Statement of Assets and Liabilities, 1943-44

(*Reference paragraph* 64)

(In lakhs of rupees)

Friday 1943-44	Notes in Circulation	Notes held in Banking Department	**Total Liabilites** (Total Notes Issued)	Gold Coin & Bullion	Sterling Securities	Rupee Coin	Rupee Securities	*Percentage of Gold and Sterling Securities to Total Notes Issued*
April 2	651,38	9,32	**660,70**	44,42	447,66	14,09	154,53	*74·48*
„ 9	663,20	8,77	**671,97**	44,42	467,64	14,37	145,54	*76·20*
„ 16	669,38	11,78	**681,16**	44,42	493,59	13,56	129,59	*78·98*
„ 23	673,43	10,46	**683,89**	44,42	493,59	16,29	129,59	*78·67*
„ 30	677,61	12,18	**689,79**	44,42	501,49	16,19	127,69	*79·14*
May 7	689,71	10,42	**700,13**	44,42	515,48	14,54	125,69	*79·97*
„ 14	696,15	10,85	**707,00**	44,42	523,48	13,40	125,70	*80·33*
„ 21	700,61	11,86	**712,47**	44,42	529,48	12,87	125,70	*80·55*
„ 28	704,11	11,12	**715,23**	44,42	532,48	17,62	120,71	*80·66*
June 4	713,05	11,23	**724,28**	44,42	542,48	16,67	120,71	*81·03*
„ 11	721,66	11,17	**732,83**	44,42	552,48	15,22	120,71	*81·45*
„ 18	722,94	11,51	**734,45**	44,42	554,48	14,84	120,71	*81·54*
„ 25	723,35	11,40	**734,75**	44,42	554,48	16,13	119,72	*81·51*
July 2	733,61	12,54	**746,15**	44,42	567,78	15,54	118,41	*82·05*
„ 9	737,62	10,64	**748,26**	44,42	570,78	14,64	118,42	*82·22*
„ 16	737,42	10,60	**748,02**	44,42	570,78	14,40	118,42	*82·24*
„ 23	738,92	9,33	**748,25**	44,42	577,68	14,63	111,52	*83·14*
„ 30	740,37	10,40	**750,77**	44,42	582,87	15,15	108,33	*83·55*

August	6	..	..	749,76	10,06	759,82	44,42	597,86	14,20	103,34	*84·53*
„	13	..	..	754,61	10,78	765,39	44,42	613,83	13,77	93,37	*86·00*
„	20	..	..	755,11	10,59	765,70	44,42	613,83	14,07	93,38	*85·97*
„	27	..	..	754,64	11,67	766,31	44,42	618,82	14,68	88,39	*86·55*
September	3	..	..	756,93	9,56	766,49	44,42	623,81	14,90	83,36	*87·18*
„	10	..	..	761,99	11,72	773,71	44,42	631,81	14,12	83,36	*87·40*
„	17	..	..	760,40	13,53	773,93	44,42	641,78	14,34	73,39	*88·66*
„	24	..	..	759,68	14,78	774,46	44,42	641,78	14,88	73,38	*88·60*
October	1	..	..	763,80	10,67	774,47	44,42	646,77	14,89	68,39	*89·25*
„	8	..	..	773,55	9,74	783,29	44,42	656,77	13,71	68,39	*89·52*
„	15	..	..	776,52	14,29	790,81	44,42	674,75	13,23	58,41	*90·94*
„	22	..	..	776,42	14,92	791,34	44,42	674,83	13,76	58,33	*90·89*
„	29	..	..	782,09	8,96	791,05	44,42	674,83	13,47	58,33	*90·92*
November	5	..	..	790,62	9,43	800,05	44,42	684,83	12,47	58,33	*91·15*
„	12	..	..	794,64	9,74	804,38	44,42	689,83	11,80	58,33	*91·28*
„	19	..	..	794,68	9,86	804,54	44,42	684,83	16,96	58,33	*90·64*
„	26	..	..	794,37	10,31	804,68	44,42	684,83	17,10	58,33	*90·63*
December	3	..	..	804,42	7,43	811,85	44,42	692,83	16,27	58,33	*90·81*
„	10	..	..	815,62	7,88	823,50	44,42	705,83	14,92	58,33	*91·11*
„	17	..	..	820,56	9,27	829,83	44,42	712,83	14,25	58,33	*91·25*
„	24	..	..	828,58	10,61	839,19	44,42	722,83	13,61	58,33	*91·43*
„	31	..	..	840,80	9,60	850,40	44,42	734,83	12,82	58,33	*91·63*
January	7	..	..	845,70	7,78	853,48	44,42	738,83	11,90	58,33	*91·77*
„	14	..	..	852,89	10,26	863,15	44,42	744,83	15,57	58,33	*91·44*
„	21	..	..	854,33	8,55	862,88	44,42	744,83	15,30	58,33	*91·47*
„	28	..	..	853,68	9,22	862,90	44,42	744,83	15,32	58,33	*91·47*
February	4	..	..	863,09	6,98	870,07	44,42	752,83	14,49	58,33	*91·63*
„	11	..	..	870,61	9,39	880,00	44,42	763,83	13,42	58,33	*91·85*
„	18	..	..	869,11	10,69	879,80	44,42	763,83	13,22	58,33	*91·87*
„	25	..	..	867,50	12,54	880,04	44,42	763,83	13,46	58,33	*91·84*
March	3	..	..	873,95	10,38	884,33	44,42	768,83	12,75	58,33	*91·96*
„	10	..	..	883,42	7,75	891,17	44,42	776,83	11,59	58,33	*92·15*
„	17	..	..	885,36	8,74	894,10	44,42	779,83	11,52	58,33	*92·19*
„	24	..	..	883,64	10,80	894,44	44,42	779,83	11,86	58,33	*92·15*
„	31		..	882,49	12,35	894,84	44,42	779,83	12,26	58,33	*92.11*

STATEMENT XXXI

RESERVE BANK OF INDIA: ISSUE DEPARTMENT SINCE 1935-36

(Reference paragraph 64)

(In lakhs of rupees)

	LIABILITIES			ASSETS					
	Notes in Circulation	Notes held in Banking Department	Total Liabilities (TOTAL NOTES ISSUED)	Gold Coin and Bullion	Sterling Securities	Rupee Coin*	Rupee Securities	Total Assets	*Percentage of Gold and Sterling Securities to Total Notes Issued*
Average of Friday figures									
1935-36	164,06	27,58	**191,64**	44,42	62,09	55,51	29,62	**191,64**	*55.58*
1936-37	175,81	25,81	**201,62**	44,42	69,57	64,01	23,62	**201,62**	*56.54*
1937-38	186,15	25,61	**211,76**	44,42	79,92	60,23	27,19	**211,76**	*58.72*
1938-39	182,36 (7,97)	28,28 (1)	**210,64 (7,98)**	44,42	66,95	67,11	32,16	**210,64**	*52.91*
1939-40	209,22 (11,09)	18,79 (8)	**228,01 (11,17)**	44,42	78,63	67,52	37,44	**228,01**	*53.97*
1940-41	241,41 (13,38)	17,26 (20)	**258,67 (13,58)**	44,42	129,92	35,87	48,46	**258,67**	*67.39*
1941-42	307,68 (20,20)	12,21 (23)	**319,89 (20,43)**	44,42	165,00	35,28	75,19	**319,89**	*65.47*
1942-43	513,44	11,80	**525,24**	44,42	319,11	22,33	139,38	**525,24**	*69.21*
1943-44	777,17	10,50	**787,67**	44,42	643,52	14,28	85,45	**787,67**	*87.34*
1942-43									
April	430,14 (28,54)	11,84 (3)	**441,98 (28,57)**	44,42	235,10	29,47	132,99	**441,98**	*63.24*
May	455,09 (30,24)	12,11 (2)	**467,20 (30,26)**	44,42	250,85	28,14	143,79	**467,20**	*63.20*
June	439,17	11,90	**451,07**	44,42	258,10	26,27	122,28	**451,07**	*67.07*
July	449,53	12,81	**462,34**	44,42	270,84	28,77	118,31	**462,34**	*68.19*
August	467,91	12,25	**480,16**	44,42	304,29	29,07	102,38	**480,16**	*72.62*
September	488,06	11,37	**499,43**	44,42	325,29	27,29	102,43	**499,43**	*74.03*
October	508,77	10,58	**519,35**	44,42	318,83	23,71	132,39	**519,35**	*69.94*
November	535,26	10,73	**545,99**	44,42	351,83	17,35	132,39	**545,99**	*72.57*
December	560,57	12,47	**573,04**	44,42	388,33	14,16	126,13	**573,04**	*75.52*
January	587,60	12,73	**600,33**	44,42	364,23	13,72	177,96	**600,33**	*68.07*
February	609,50	11,56	**621,06**	44,42	378,03	13,94	184,67	**621,06**	*68.02*
March	635,70	10,98	**646,68**	44,42	401,49	14,32	186,45	**646,68**	*68.95*
1943-44									
April	667,00	10,50	**677,50**	44,42	480,79	14,90	137,39	**677,50**	*77.52*
May	697,65	11,06	**708,71**	44,42	525,23	14,61	124,45	**708,71**	*80.38*
June	720,25	11,33	**731,58**	44,42	550,98	15,72	120,46	**731,58**	*81.39*
July	737,59	10,70	**748,29**	44,42	573,98	14,87	115,02	**748,29**	*82.64*
August	753,53	10,78	**764,31**	44,42	611,09	14,18	94,62	**764,31**	*85.76*
September	759,75	12,40	**772,15**	44,42	634,80	14,56	78,37	**772,15**	*87.96*
October	774,47	11,72	**786,19**	44,42	665,59	13,81	62,37	**786,19**	*90.31*
November	793,58	9,83	**803,41**	44,42	686,08	14,58	58,33	**803,41**	*90.92*
December	821,99	8,96	**830,95**	44,42	713,83	14,37	58,33	**830,95**	*91.25*
January	851,65	8,95	**860,60**	44,42	743,33	14,52	58,33	**860,60**	*91.54*
February	867,58	9,90	**877,48**	44,42	761,08	13,65	58,33	**877,48**	*91.80*
March	881,77	10,01	**891,78**	44,42	777,03	12,00	58,33	**891,78**	*92.11*

Note:—Burma Figures shown in brackets below totals. Figures for India only from June 1942. * Including Government of India one rupee notes from July 1940.

STATEMENT XXXII

Monthly Statistics of Note Circulation in India and Burma since 1938-39

(Reference paragraph 64)

(In lakhs of rupees)

Last Friday of	1938–39			1939–40			1940–41		
	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation
April	214,68	31,80	182,88	207,22	18,50	188,72	252,66	13,04	239,62
May	215,46	35,23	180,23	207,44	19,64	187,80	257,03	8,50	248,53
June	215,72	40,33	175,39	210,78	26,15	184,63	255,96	9,02	246,94
July	213,33	41,80	171,53	214,30	35,88	178,42	263,79	25,87	237,92
August	215,12	43,78	171,34	216,78	37,89	178,89	260,17	28,68	231,49
September	212,53	36,86	175,67	221,43	18,52	202,91	258,15	28,97	229,18
October	209,82	32,67	177,15	228,80	18,50	210,30	257,16	28,49	228,67
November	210,34	31,43	178,91	233,75	13,64	220,11	256,33	27,18	229,15
December	206,43	18,43	188,00	254,48	18,56	235,92	255,19	13,94	241,25
January	203,24	14,33	188,91	251,12	13,28	237,84	260,54	15,49	245,05
February	205,96	14,75	191,21	254,56	15,01	239,55	266,96	17,49	249,47
March	207,23	18,13	189,10	252,21	13,66	238,55	269,25	11,59	257,66
	1941–42			1942–43*			1943–44*		
April	280,60	13,48	267,12	425,16	11,30	413,86	689,79	12,18	677,61
May	285,76	12,79	272,97	444,40	12,56	431,84	715,23	11,12	704,11
June	291,10	14,17	276,93	456,11	12,92	443,19	734,75	11,40	723,35
July	292,18	19,17	273,01	463,30	12,30	451,00	750,78	10,40	740,38
August	293,03	16,44	276,59	487,34	13,09	474,25	766,31	11,67	754,64
September	296,76	10,64	286,12	503,35	10,77	492,58	774,46	14,78	759,68
October	307,39	13,94	293,45	524,48	9,78	514,70	791,05	8,96	782,09
November	319,14	11,72	307,42	551,94	11,58	540,36	804,68	10,31	794,37
December	347,72	12,12	335,60	585,80	15,44	570,36	850,40	9,60	840,80
January	366,18	9,77	356,41	604,19	10,94	593,25	862,89	9,21	853,68
February	389,02	9,34	379,68	626,23	11,87	614,36	880,04	12,54	867,50
March	421,06	10,99	410,07	655,11	11,53	643,58	894,84	12,35	882,49

* Excluding Burma notes.

STATEMENT XXXIII

Circulation and Absorption of Notes in India and Burma since 1909-10

(Reference paragraph 65)

(In lakhs of rupees)

	Year-end				Annual Average *			
	Total Notes Issued	Notes in Circulation	Absorption (+) or Return (—)	% *of Absorption or Return*	Total Notes Issued	Notes in Circulation	Increase or decrease in average circulation	% *of increase or decrease in average circulation*
Average for 5 years 1909-10 to 1913-14	**61,17**	**44,41**	..	..	**58,51**	**41,97**	..	..
1914-15	61,63	43,96	— 6,01	— *12*	64,04	45,43	— 1,20	— *3*
1915-16	67,73	53,19	+ 9,23	+ *21*	64,10	48,08	+ 2,65	+ *6*
1916-17	86,37	67,08	+ 13,89	+ *26*	76,14	59,36	+ 11,28	+ *23*
1917-18	99,79	84,30	+ 17,22	+ *26*	101,77	71,87	+ 12,51	+ *21*
1918-19	153,46	133,58	+ 49,28	+ *58*	133,20	113,84	+ 41,97	+ *58*
1919-20	174,52	153,78	+ 20,20	+ *15*	171,68	151,10	+ 37,26	+ *33*
1920-21	166,16	147,88	— 5,90	— *4*	163,51	138,88	— 12,22	— *8*
1921-22	174,76	157,23	+ 9,35	+ *6*	173,80	152,22	+ 13,34	+ *10*
1922-23	174,70	161,10	+ 3,87	+ *2*	176,33	153,27	+ 1,05	+ *1*
1923-24	185,85	169,06	+ 7,96	+ *5*	179,01	156,93	+ 3,66	+ *2*
1924-25	184,19	166,55	— 2,51	— *1*	179,27	160,91	+ 3,98	+ *3*
1925-26	193,34	167,71	+ 1,16	+ *1*	186,88	163,16	+ 2,25	+ *1*
1926-27	184,13	164,31	— 3,40	— *2*	189,13	156,36	— 6,80	— *4*
1927-28	184,87	174,53	+ 10,22	+ *6*	180,16	162,62	+ 6,26	+ *4*
1928-29	188,03	178,10	+ 3,57	+ *2*	184,86	171,90	+ 9,28	+ *6*
1929-30	177,23	159,30	— 18,80	— *11*	183,11	163,00	— 8,90	— *5*
1930-31	160,84	147,93	— 11,37	— *7*	165,49	151,13	— 11,87	— *7*
1931-32	178,14	165,17	+ 17,24	+ *12*	163,64	152,62	+ 1,49	+ *1*
1932-33	176,90	150,34	— 14,83	— *9*	173,83	152,04	— 58	..
1933-34	177,22	163,88	+ 13,54	+ *9*	178,13	157,47	+ 5,43	+ *4*
1934-35	186,10	163,56	— 32	..	183,24	161,60	+ 4,13	+ *3*
1935-36	195,58	168,82	+ 5,26	+ *3*	191,64	164,06	+ 2,46	+ *2*
1936-37	208,00	194,35	+ 25,53	+ *15*	201,62	175,81	+ 11,75	+ *7*
1937-38 I ..	206,20	178,29	— 8,23	— *4*	207,79	182,19	+ 10,34	+ *6*
1937-38 B ..	7,83	7,83			3,97	3,96		
1938-39 I ..	196,47	178,36	+ 7	..	202,66	174,39	— 7,80	— *4*
1938-39 B ..	10,76	10,74	+ 2,91	+ *37*	7,98	7,97	+ 4,01	+ *101*
1939-40 I ..	238,43	225,10	+ 46,74	+ *26*	216,84	198,13	+ 23,74	+ *14*
1939-40 B ..	13,78	13,45	+ 2,71	+ *25*	11,17	11,09	+ 3,12	+ *39*
1940-41 I ..	251,81	240,55	+ 15,45	+ *7*	245,09	228,03	+ 29,90	+ *15*
1940-41 B ..	17,44	17,11	+ 3,66	+ *27*	13,58	13,38	+ 2,29	+ *21*
1941-42 I ..	392,71	381,73	+ 141,18	+ *59*	299,46	287,48	+ 59,45	+ *26*
1941-42 B ..	28,35	28,33	+ 11,22	+ *66*	20,43	20,20	+ 6,82	+ *51*
1942-43 I	655,11	643,58	+ 261,85	+ *69*	525,24	513,44	+ 225,96	+ *79*
1943-44 I	894,84	882,49	+ 238,91	+ *37*	787,67	777,17	+ 263,73	+ *51*

Note.—Since the Bank assumed the management of the currency, the variations in the figures of notes in circulation as given in the weekly returns of the Issue Department of the Bank are taken to indicate absorption or return. Notes in circulation now include the amounts held in Government Treasuries as well as by the public, but exclude the holdings of the Banking Department of the Reserve Bank.

* Average of weekly figures. I—India notes. B—Burma notes.

STATEMENT XXXIV

Absorption of Small Coin since 1909-10

(Reference paragraph 67)

(In thousands of rupees)

	Silver half rupees†	Four anna pieces	Two anna pieces	One anna pieces	Half anna pieces*	Single pice	Half pice	Pie pieces	Total
Average for five years 1909-10 to 1913-14		15,75	13,59	21,02	..	10,51	83	83	62,53
Average for five years 1914-15 to 1918-19		37,24	29,54	27,86	..	5,63	66	1,18	1,02,11
1919–20		88,15	60,33	44,05	..	21,18	90	1,21	2,15,82
1920–21		— 9,31	— 23,24	— 12,82	..	— 2,22	42	1,15	— 46,02
1921–22		— 7,09	— 2,40	3,28	..	52	53	1,11	— 4,05
1922–23		3,67	1,70	12,99	..	2,89	57	76	22,58
1923–24		6,20	3,99	19,88	..	2,42	54	75	33,78
1924–25		15,87	4,90	21,86	..	5,31	65	72	49,31
1925–26		3,34	5,49	11,22	..	2,23	45	72	23,45
1926–27		51	— 6,10	11,62	..	4,05	45	86	11,39
1927–28		7,03	4,62	22,02	..	5,05	54	85	40,11
1928–29		8,89	6,57	22,12	..	5,04	57	74	43,93
1929–30		— 2,05	— 1,88	10,36	..	5,77	57	79	13,56
1930–31		— 31,70	— 18,88	— 14,33	..	— 1,30	58	55	— 65,08
1931–32		7,16	3,73	8,52	..	16	59	1,29	21,45
1932–33		— 6,11	2,13	10,82	..	1,48	60	1,02	9,94
1933–34		14,01	16,04	23,27	..	10,28	74	1,10	65,44
1934–35		1,54	12,93	20,35	..	11,88	83	76	48,29
1935–36	— 5,59	— 5,58	7,76	13,06	..	11,31	81	59	22,36
1936–37	22,50	15,97	22,20	25,48	..	12,92	79	66	1,00,52
1937–38	25,00	10,26	16,08	19,21	..	14,52	89	85	86,81
1938–39	2,40	— 9,55	3,55	6,34	..	14,80	84	77	19,15
1939–40	59,67	38,97	48,07	51,25	..	21,08	97	97	2,20,98
1940–41	1,52,76	1,02,27	71,56	76,14	..	23,27	1,14	1,06	4,28,20
1941–42	1,56,83	1,26,47	87,91	99,25	4,16	29,31	1,18	1,16	5,06,27
1942–43	3,81,92	2,86,87	2,21,82	2,02,27	56,89	12,69	37	75	11,63,58
1943–44	5,40,61	5,16,98	3,33,70	3,10,98	1,14,33	29,45	8	13	18,46,26

† Since the inauguration of the Reserve Bank in 1935 silver half rupees have been included in statistics relating to small coin. * Nickel half anna pieces introduced in January 1942.

STATEMENT XXXV

Absorption of Currency since 1914-15

(Reference paragraph 68)

(In lakhs of rupees)

	Notes	Rupees*	Small coin	Total
Average for 5 years 1914-15 to 1918-19..	**+ 16,72**	**+ 22,08**	**+ 1,02**	**+ 39,82**
1914-15	— 6,01	— 6,70	— 19	**— 12,90**
1915-16	+ 9,23	+ 10,40	+ 38	**+ 20,01**
1916-17	+ 13,89	+ 33,81	+ 99	**+ 48,69**
1917-18	+ 17,22	+ 27,86	+ 1,01	**+ 46,09**
1918-19	+ 49,28	+ 45,02	+ 2,92	**+ 97,22**
1919-20	+ 20,20	+ 20,09	+ 2,16	**+ 42,45**
1920-21	— 5,90	— 25,68	— 46	**— 32,04**
1921-22	+ 9,35	— 10,46	— 4	**— 1,15**
1922-23	+ 3,87	— 9,56	+ 23	**— 5,46**
1923-24	+ 7,96	+ 7,62	+ 34	**+ 15,92**
1924-25	— 2,51	+ 3,65	+ 49	**+ 1,63**
1925-26	+ 1,16	— 8,17	+ 23	**— 6,78**
1926-27	— 3,40	— 19,76	+ 11	**— 23,05**
1927-28	+ 10,22	— 3,75	+ 40	**+ 6,87**
1928-29	+ 3,57	— 3,03	+ 44	**+ 98**
1929-30	— 18,80	— 21,71	+ 14	**— 40,37**
1930-31	— 11,37	— 21,58	— 65	**— 33,60**
1931-32	+ 17,24	+ 3,93	+ 21	**+ 21,38**
1932-33	— 14,83	— 7,56	+ 10	**— 22,29**
1933-34	+ 13,54	— 30	+ 65	**+ 13,89**
1934-35	— 32	— 3,21	+ 48	**— 3,05**
1935-36	+ 5,26	— 9,41	+ 22	**— 3,93**
1936-37	+ 25,53	— 2,49	+ 1,01	**+ 24,05**
1937-38	— 8,23	— 6,52	+ 87	**— 13,88**
1938-39	+ 2,98	— 12,60	+ 19	**— 9,43**
Total for 20 years 1919-20 to 1938-39 ..	**+ 55,52**	**— 130,50**	**+ 7,12**	**— 67,86**
Average for 20 years 1919-20 to 1938-39	**+ 2,78**	**— 6,53**	**+ 36**	**— 3,39**
1939-40	+ 49,45	+ 10,08	+ 2,21	**+ 61,74**
1940-41	+ 19,11	+ 33,23	+ 4,28	**+ 56,62**
1941-42	+ 152,40	+ 7,18	+ 5,06	**+ 164,64**
1942-43 †	+ 261,85	+ 44,93	+ 11,64	**+ 318,42**
1943-44 †	+ 238,91	+ 23,14	+ 18,46	**+ 280,51**
Total for 5 years 1939-40 to 1943-44	**+ 721,72**	**+ 118,56**	**+ 41,65**	**+ 881,93**
Average for 5 years 1939-40 to 1943-44	**+ 144,34**	**+ 23,71**	**+ 8,33**	**+ 176,38**

* Including Government of India one rupee notes since July 1940. † India only.

STATEMENT XXXVI

‡Monthly Absorption of Currency, 1943-44

(Reference paragraph 68)

(In lakhs of rupees)

1942–43					1943–44			
Notes	Rupee Coin†	Small Coin	Total	Month	Notes	Rupee Coin†	Small Coin	Total
+ 32,13	+ 2,23	+ 81	+ 35,17	April	+ 34,03	+ 3,31	+ 1,08	+ 38,42
+ 17,98	+ 1,36	+ 73	+ 20,07	May	+ 26,50	+ 3,56	+ 1,17	+ 31,23
+ 11,35	— 1,60	+ 65	+ 10,40	June	+ 19,24	+ 2,49	+ 1,39	+ 23,12
+ 7,81	— 2,18	+ 65	+ 6,28	July	+ 17,03	+ 97	+ 1,46	+ 19,46
+ 23,26	+ 97	+ 77	+ 25,00	August	+ 14,26	+ 47	+ 1,45	+ 16,18
+ 18,33	+ 2,02	+ 92	+ 21,27	September	+ 5,04	— 12	+ 1,63	+ 6,55
+ 22,11	+ 4,87	+ 1,29	+ 28,27	October	+ 22,41	+ 1,40	+ 1,21	+ 25,02
+ 25,66	+ 6,52	+ 1,55	+ 33,73	November	+ 12,28	+ 1,37	+ 1,57	+ 15,22
+ 30,00	+11,13	+ 1,23	+ 42,36	December	+ 46,43	+ 4,25	+ 1,84	+ 52,52
+ 22,89	+ 9,56	+ 1,05	+ 33,50	January	+ 12,88	+ 2,41	+ 1,60	+ 16,89
+ 21,11	+ 5,94	+ 97	+ 28,02	February	+ 13,82	+ 1,85	+ 1,91	+ 17,58
+ 29,22	+ 4,11	+ 1,02	+ 34,35	March	+ 14,99	+ 1,18	+ 2,15	+ 18,32
+ 261,85	+44,93	+ 11,64	+ 318,42	Total	+ 2,38,91	+ 23,14	+ 18,46	+ 280,51

† Including Government of India one rupee notes.

‡ Figures for India only.

STATEMENT XXXVII

Encashment of Foreign Circle Notes, 1943-44

(Reference paragraph 72)

(In rupees)

	Cashed by							
	Bombay	Calcutta	Cawnpore	Karachi	Lahore	Madras	Rangoon	Total
Bombay	....	1,02,11,020	36,25,700	37,83,850	1,02,10,820	1,23,63,870	....	4,01,95,260
Calcutta	6,97,88,100	....	1,84,04,620	22,35,700	1,73,17,850	52,40,550	....	11,29,86,820
Cawnpore	43,59,950	39,93,520	....	4,96,700	70,58,850	6,10,650	....	1,65,19,670
Karachi	40,06,150	13,64,050	7,09,850	....	65,66,400	4,79,450	....	1,31,25,900
Lahore	1,05,22,100	61,14,890	37,75,050	35,56,700	....	12,32,000	....	2,52,00,740
Madras	1,92,25,750	47,47,550	13,83,800	6,40,150	22,85,350	....	....	2,82,82,600
Rangoon	4,03,850	1,70,800	1,58,900	16,550	2,66,550	22,70,950	....	32,87,600
Total 1943-44	10,83,05,900	2,66,01,830	2,80,57,920	1,07,29,650	4,37,05,820	2,21,97,470	....	23,95,98,590
„ 1942-43	5,16,13,090	1,93,20,590	3,66,81,110	86,49,865	3,68,64,010	1,05,17,200	100	16,36,45,965
„ 1941-42	4,71,75,130	2,58,94,650	2,79,52,870	87,60,260	4,01,11,000	1,57,72,600	85,500	16,57,52,010

STATEMENT XXXVIII

CIRCULATION OF NOTES BY DENOMINATIONS SINCE 1913-14†

(Reference paragraph 75)

Year ended (31st March)	NOTES IN CIRCULATION (in lakhs of rupees)											Percentage to Gross Circulation of all notes except Rs. 10,000							
	Re. 1	Rs. 2	Rs. 2-8	Rs. 5	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000	Re. 1	Rs. 2	Rs. 2-8	Rs. 5	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000
1914	..	..	..	1,61	17,73	8	1,78	17,81	2,64	9,17	..	..	..	3.2	34.9	.2	3.5	35.0	5.2	18.0
1921	9,52	..	51	14,05	52,67	3	3,84	47,22	2,53	17,81	6.4	..	.4	9.5	35.5	..	2.6	31.9	1.7	12.0
1922	9,93	..	27	15,84	57,51	3	4,05	54,28	2,05	14,68	6.2	..	.2	10.0	36.3	..	2.5	34.2	1.3	9.3
1923	10,88	..	13	16,27	56,71	2	3,76	59,43	1,74	14,41	6.7	..	.1	10.0	34.7	..	2.3	36.4	1.0	8.8
1924	11,39	..	7	15,90	57,18	2	3,12	69,41	1,62	12,87	6.6	..	..	9.3	33.4	..	1.8	40.5	.9	7.5
1925	4,15	..	4	15,83	68,57	2	2,61	63,87	1,32	13,11	2.5	..	..	9.3	40.5	..	1.5	37.7	.8	7.7
1926	72	..	2	15,66	76,88	2	2,23	60,22	1,19	13,20	.4	..	..	9.2	45.2	..	1.3	35.4	.7	7.8
1927	44	..	2	16,49	72,86	2	2,15	60,09	1,10	13,42	.3	..	..	9.9	43.7	..	1.3	36.1	.7	8.0
1928	39	..	1	18,91	76,27	2	2,09	63,07	1,05	14,90	.2	..	..	10.7	43.2	..	1.2	35.7	.6	8.4
1929	36	..	1	23,77	74,55	2	2,01	65,76	99	12,69	.2	..	..	13.2	41.4	..	1.1	36.5	.6	7.0
1930	35	..	1	20,97	69,08	2	1,60	58,88	84	10,78	.2	..	..	12.9	42.6	..	1.0	36.3	.3	6.7
1931	34	..	1	18,92	64,20	2	1,53	54,86	77	10,76	.2	..	..	12.5	42.4	..	1.0	36.3	.5	7.1
1932	34	..	1	22,31	69,55	2	1,51	63,07	79	11,67	.2	..	..	13.2	41.1	..	.9	37.3	.4	6.9
1933	33	..	1	19,95	61,83	2	1,28	57,65	68	11,63	.2	..	..	13.0	40.3	..	.8	37.6	.5	7.6
1934	33	..	1	21,53	67,41	2	1,33	64,90	60	11,31	.2	..	..	12.9	40.2	..	.8	38.8	.4	6.7
1935	32	..	1	23,11	67,83	2	1,26	60,94	56	17,72	.2	..	..	13.5	39.5	..	.7	35.5	.3	10.3
Year ended (31st Dec.)																				
1935	32	..	1	25,28	69,31	1	1,34	62,35	53	12,84	.2	..	..	15.0	49.3	..	.7	36.0	.3	7.5
1936	33	..	1	31,71	77,34	1	1,36	69,07	48	12,11	.2	..	..	16.5	40.2	..	.8	35.9	.2	6.2
1937	32	..	1	32,46	76,08	1	1,25	62,44	45	11,01	.2	..	..	17.5	41.3	..	.7	34.0	.2	6.0
1938	32	..	1	33,84	77,89	1	1,01	62,81	37	10,51	.2	..	..	18.1	41.7	..	.6	33.6	.2	5.6
1939	32	..	1	45,63	98,29	1	92	75,57	34	13,79	.1	..	..	19·4	41·9	..	.4	32·1	.2	5.9
1940	32	..	1	44,03	97,83	1	61	80,44	33	17,64	.1	..	..	18·3	40·6	..	.2	33.4	·1	7.3
1941	32	..	1	62,23	134,89	1	51	113,13	36	28,20	.1	..	..	18.3	39·7	..	·2	33·3	·1	8·3
1942*	32	..	1	106,74	218,21	1	46	202,82	52	54,07	..	..	..	18·3	37·4	..	·1	34·8	·1	9·3
1943*	32	5,56	1	142,48	302,93	1	37	291,54	60	90,99	..	.7	..	17.1	36.3	..	..	34·9	.1	10.9

† Excluding (1) the Government of India one rupee notes introduced in July 1940, which are treated for the purposes of the Bank as rupee coin, and (2) Rs. 10,000 notes which are mainly used by banks for making large adjusting payments. * India notes only.

STATEMENT XXXIX

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS SINCE 1835

(Reference paragraph 79)

	Coined in Calcutta	Coined in Madras	Coined in Bombay	Total Coined
	Rs.	Rs.	Rs.	Rs.
William IV, 1835	10,90,88,070	11,78,000	5,37,12,502	16,39,78,572
Victoria, 1840, 1st issue ..	17,99,34,670	2,18,98,181	10,98,38,073	31,16,70,924
„ 1840, 2nd „ ..	39,85,53,660	5,50,49,201	31,29,58,076	76,65,60,937
„ 1862	26,94,27,222	2,94,81,923	40,80,03,034	70,69,12,179
„ 1874	1,50,13,834	.....	2,85,08,566	4,35,22,400
„ 1875	1,16,31,951	.....	1,93,59,597	3,09,91,548
„ 1876	1,20,01,264	.....	2,89,49,037	4,09,50,301
„ 1877	3,92,51,692	.....	9,55,54,320	13,48,06,012
„ 1878	3,26,57,837	.....	6,39,27,196	9,65,85,033
„ 1879	1,59,28,325	.....	7,27,99,904	8,87,28,229
„ 1880	1,83,99,894	.....	5,37,85,624	7,21,85,518
„ 1881	24,35,719	.....	31,61,858	55,97,577
„ 1882	1,50,90,289	.....	5,63,97,278	7,14,87,567
„ 1883	51,23,372	.....	1,80,22,789	2,31,46,161
„ 1884	1,16,41,757	.....	3,68,46,570	4,84,88,327
„ 1885	3,41,52,203	.....	6,48,78,000	9,90,30,203
„ 1886	1,08,78,075	.....	4,11,46,457	5,20,24,532
„ 1887	4,02,00,148	.....	4,84,00,000	8,86,00,148
„ 1888	75,68,000	.....	6,32,00,000	7,07,68,000
„ 1889	93,68,310	.....	6,53,00,000	7,46,68,310
„ 1890	2,47,41,865	.....	9,29,00,000	11,76,41,865
„ 1891	1,46,69,903	.....	4,95,00,000	6,41,69,903
„ 1892	3,24,55,120	.....	7,22,00,000	10,46,55,120
„ 1893	91,40,310	.....	6,95,90,000	(a) 7,87,30,310
„ 1897	4,70,184	.....	10,54,593	(b) 15,24,777
„ 1898	12,50,976	.....	62,68,437	(b) 75,19,413
„ 1900	5,29,02,591	.....	6,52,36,908	(c) 11,81,39,499
„ 1901	3,37,22,243	.....	7,54,13,718	(d) 10,91,35,961
„ 1901 coined in 1902 ..	3,82,94,644	.....	5,48,44,740	(e) 9,31,39,384
Edward VII, 1903 ditto ..	25,000	.....	.....	25,000
„ „ 1903	4,93,78,355	.....	5,29,69,151	(f) 10,23,47,506
„ „ 1904	5,83,38,617	.....	10,19,40,291	(g) 16,02,78,908
„ „ 1905	5,12,57,883	.....	7,62,02,223	(h) 12,74,60,106

(a) Including Rs. 5,90,000 coined for the Bikaner State
(b) On account of Kashmir and Bhopal re-coinage
(c) „ „ 2,09,02,414 coined for Indian States
(d) Including Rs. 1,90,43,904 coined for Indian States
(e) „ „ 2,98,86,014 „ „ „ „
(f) „ „ 11,66,451 „ „ „
(g) „ „ 59,422 „ „ „ „
(h) „ „ 3,28,000 „ „ „

STATEMENT XXXIX—(*continued*).

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS SINCE 1835

		Coined in Calcutta	Coined in Madras	Coined in Bombay	Coined in Lahore	Total Coined
		Rs.	Rs.	Rs.		Rs.
Edward VII,	1906	10,47,97,164	....	15,89,53,269	....	(*j*) 26,37,50,433
„ „	1907	8,13,38,000	....	17,09,11,816	....	(*k*) 25,22,49,816
„ „	1908	2,02,17,728	....	1,07,14,770	....	3,09,32,498
„ „	1909	1,27,58,580	....	95,38,746	....	(*l*) 2,22,97,326
„ „	1910	85,00,000	....	91,88,673	....	1,76,88,673
„ „	1910 coined in 1911	41,27,013	....	16,96,273	....	58,23,286
George V,	1911	42,99,924	....	51,43,125	....	94,43,049
„ „	1912	4,51,22,132	....	7,90,67,074	....	(*m*) 12,41,89,206
„ „	1913	7,58,00,163	....	8,74,65,788	....	(*n*) 16,32,65,951
„ „	1914	3,31,00,150	....	1,52,70,000	....	4,83,70,150
„ „	1915	99,00,139	....	53,71,979	....	1,52,72,118
„ „	1916	11,50,00,210	....	9,79,00,000	....	21,29,00,210
„ „	1917	11,32,00,217	....	15,15,82,659	....	26,47,82,876
„ „	1917 coined in 1918	17,74,025	....	....	....	17,74,025
„ „	1918	20,13,26,240	....	21,05,50,363	....	41,18,76,603
„ „	1918 coined in 1919	40,94,006	....	....	....	40,94,006
„ „	1919	19,68,06,224	....	22,67,06,054	....	42,35,12,278
„ „	1919 coined in 1920	1,44,00,031	....	....	....	1,44,00,031
„ „	1920	3,86,00,085	....	5,59,36,544	....	9,45,36,629
„ „	1920 coined in 1921	64,00,064	....	....	....	64,00,064
„ „	1920 coined in 1922	5,64,000	....	....	....	5,64,000
„ „	1920 coined in 1923	49,36,050	....	....	.....	49,36,050
„ „	1921	....	....	51,15,121	....	51,15,121
„ „	1922	....	....	20,51,150	....	20,51,150
George VI,	1938 coined in 1940	....	....	98,02,178	....	98,02,178
„ „	1940	....	....	(*o*) 2,35,00,002	....	2,35,00,002
„ „	1941	....	....	(*o*) 24,11,00,001	....	24,11,00,001
„ „	1942	....	....	(*o*) 23,75,00,001	....	23,75,00,001
„ „	1943	....	....	(*o*) 5,71,94,637	(*o*) 98,00,000	6,69,94,637
Total William IV ..	.. ..	**10,90,88,070**	**11,78,000**	**5,37,12,502**	....	**16,39,78,572**
„ **Victoria** ..	.. ..	**133,69,06,058**	**10,64,29,305**	**207,80,44,775**	....	**352,13,80,138**
„ **Edward VII**	.. ..	**39,07,38,340**	....	**59,21,15,212**	....	**98,28,53,552**
„ **George V** ..	.. ..	**86,53,23,660**	....	**94,21,59,857**	....	**180,74,83,517**
„ **George VI Standard**	..	....	....	**98,02,178**	....	**98,02,178**
„ „ **Quaternary**	..	....	....	**55,92,94,641**	**98,00,000**	**56,90,94,641**
Total	..	**270,20,56,128**	**10,76,07,305**	**423,51,29,165**	**98,00,000**	**705,45,92,598**

(*j*) Including Rs. 3,90,310 coined for Indian States and Rs. 1,67,00,000 (Calcutta Rs. 32,00,000 and Bombay Rs. 1,35,00,000) coined from silver in Gold Standard Reserve.

(*k*) „ Rs. 94,766 coined for Indian States and Rs. 4,33,00,000 (Calcutta Rs. 1,68,00,000 and Bombay Rs. 2,65,00,000) coined from silver in Gold Standard Reserve.

(*l*) „ Rs. 1,01,459 coined for Indian States.

(*m*) Including Rs. 16,56,250 coined for Indian States

(*n*) „ „ 12,78,441 „ „ „

(*o*) Quaternary rupees

INDEX

A

Paragraph

Absorption, currency 68, 69
„ of notes 65
„ of rupee coin 66
„ seasonal 70
„ of small coin 67
„ „ „ „ in South Africa 67
„ „ „ „ in United Kingdom .. 67
Advances, prohibition of, against bullion and commodities 20
Anti-Inflation Conference—Cairo .. 7
Assaying and refining of gold 21
„ „ „ of silver 24
Australia 2,6

B

Balance of Trade 14
Balances, Central Government 42
„ Provincial Governments .. 46
Bank Rates 59
Bills, U. S. dollar 30
„ Sterling 30
Bonds, Three-Year Interest-Free .. 48
Bretton Woods Conference 1
Budget, Central 36, 37, 38
„ Provincial 40
„ Railway 39
Budla transactions, restrictions on .. 58
Bullion market 20
„ restrictions on forward trading .. 20
Burma 10
„ —India Conference 10
„ notes 65
„ „ , encashment of 74

C

Canada 6
Capital Issues, restrictions on 58
Circulation of notes 65
„ „ „ by denominations 75
Chatfield Debt 51
Chinese Exchange 32
„ Stabilization Board 32
Clearing House Statistics 61
Coinage 79
Combined Production and Resources Board 1
Combined Raw Materials Board.. .. 1
Commercial banks, deposits of 3
Consolidated position of scheduled banks. 60
Conversion of G. P. Notes into Stock Certificates 53
Cotton Cloth and Yarn (Control) Order .. 11, 12
Cotton Crop, reduction of area under .. 11
Cotton Fund 37
Counterfeit coin 82
Currency Absorption 68, 69
„ circulation 3
„ , expansion of 3
„ notes, restrictions on the import of 28, 74
Customs receipts 36, 37

D

Paragraph

Debt, funded 52
„ provision for reduction of .. 50
„ total 52
„ position of provinces 56
Defence expenditure 36, 37, 38
„ loan, Government of India Third 48
„ loan, Government of India Fourth 48
„ Savings Movement 48
Deposits of commercial banks 3
„ of scheduled banks 60
Direction of Trade 16
Distribution of Revenues Order .. 41
Dollars, earmarking of 11

E

Empire countries, imports from .. 16
„ „ treasury bill rates in .. 43
Estate duty 38
Exchange 26
„ control, developments in .. 27
Excess Profits Tax 36 37, 38
„ „ „ compulsory deposit on account of 38
„ „ „ Ordinance 38, 58
Exit Finance Permits 33
Expansion of currency 3
Expenditure, defence 36, 37, 38
Export Control 29
„ finance, methods of 30
„ Licensing System 29

F

Federal Reserve Board, production indices of 4
Financial Settlement between U. K. and India 11, 37
Food Grains Policy Committee 11
„ situation in India 11
Forward trading, restrictions on, Bullion, Stock Exchange, commodities 20, 23, 58
French Overseas Empire 31
Funded Debt 52

G

Germany 8, 12, 13
Gold, assaying and refining of 21
„ monetary stocks of 19
„ price of 20
„ production of 19
„ holdings, valuations of 64
„ official sales in India .. 11, 19, 20
„ „ „ in Middle Eastern Countries 7, 19
„ U. S. Treasury's stock of.. .. 19
Government loans 48, 55
„ securities, index numbers of 57
„ securities market 57
„ securities, minimum prices of 75

Paragraph

G—*contd.*

Great Britain, taxation in 2
Green Act 23
Grow More Food Campaign 37,40

H

Hoarding and Profiteering Prevention Ordinance 11,12

I

Import Control 27
Imports from Empire Countries .. 16
Income Tax payable by life insurance companies 38
Income Tax, 'pay as you go' system of 38
,, ,, provincial share of .. 41
Index numbers of cheque clearances .. 61
,, ,, ,, Government securities. 57
,, ,, ,, industrial securities .. 58
,, ,, ,, wholesale prices .. 12
India 11
,, food situation in 11
,, price levels in 12
Industrial share market 58
Interest-Free Bonds 48
Intermediate treasury bills, sales of .. 43
Internal remittances 62
International Monetary Fund 1
,, Trade, trends in 13

J

Japan 9

K

Keynes Plan 1

L

Lend-lease 1
Lend-lease in reverse 1
Loans, Government of India 48
,, Provincial 55
,, repayment of 49

M

Merchandise, trade in 14
Middle Eastern Countries 1,7
,, ,, ,, ,gold sales in 7
,, ,, ,, wholesale price indices in .. 12
Mints 21,24,67,79
Money market 43,59
,, rates 59
Mutual Aid.. 1

N

National Savings Certificates 48,54
,, ,, Commissioner.. .. 54
,, ,, Drive 48
Nickel and copper coin 81
Note circulation and demand deposits. 71

Paragraph

Note circulation, relative trends of .. 3
,, forgeries 78
Notes, Burma 65,74
,, changes in the form of 73
,, circulation and absorption of .. 65
,, encashment of foreign circle .. 72
,, lost, destroyed and mutilated .. 77
,, old 76

P

Plan, Keynes 1
,, Post-War Reconstruction .. 1
,, White 1
Post Office Certificates 48,54
,, ,, ,, issued in Burma 54
,, ,, Defence Savings Certificates. 48,54
,, ,, ,, ,, Deposits .. 54
,, ,, Savings Deposits 54
Post-war Inter-Departmental Council .. 4
,, ,, schemes of Railways 39
,, ,, reconstruction 1,39,40
,, ,, Reconstruction Fund, Bombay 40
Premium Bonds 48
Price level in India 12
Price level in various countries .. 1,12
,, ,, ,stabilization of 12
Prize Bonds 48
Production Index of the Federal Reserve Board 4
Profits, Reserve Bank of India 37
Provincial budgets 40
,, debt position 56
,, loans 55
Public Debt of belligerent countries .. 2
,, ,, India 52

R

Railway budget 39
,, debentures 51
Railways' contribution to general revenue. 37,38,39
Reconstruction Committee, India .. 11
Remittances, internal 62
Repatriation of Sterling Debt 51
Reserve Bank of India Banking Department .. 63
,, ,, ,, Issue Department 64
,, ,, ,, surplus profits .. 37
Revenue and expenditure of belligerent countries 2
Reverse lend-lease.. 1
Rupee coin absorption 66
,, ,, in circulation 66
,, counterparts 48,51
,, debt, composition of 52

S

Scheduled banks, consolidated position of 60
Securities, open market purchases of .. 51
,, revision of minimum prices of Government 57
,, U. S. dollar 34

Paragraph

S—*contd.*

Silver, assaying and refining of .. 24
„ demand for industrial and coinage purposes 23
„ lend-lease by United States .. 23
„ price of 23
„ production of 22
„ U. S. Treasury's buying rate of 23
„ holdings of U. S. Treasury .. 22
„ Purchase Programme, United States 22
„ coin, melting point of 80
„ „ withdrawal of 80
Small coin, absorption of 67
„ „ issues of 67
Small Savings Movement.. 54
South Africa 6
South East Asia Command 11
Sterling area, remittances outside .. 27
„ balances 11, 51, 64
„ bills 30
„ debt, composition of 52
„ debt, repatriation of 51
„ holdings by the Bank 64
„ purchases 25
Subsidiary General Ledger Accounts .. 53
Subsidies, food 5,6
Subventions from the Centre 41
Sukkur Barrage Debt 40, 41

T

Tax, Corporation 37, 38
„ Income 36, 37, 38, 41
„ „ , advance payment of .. 38
Taxation, new 38
Telegraphic Transfers 26, 62

Paragraph

Trade, balance of 14
„ composition of 17
„ direction of 16
„ foreign sea-borne 14
„ trends in international 13
Travel, restriction on 33
Treasury bill rates in Empire countries. 43
„ bills, Central Government .. 43
„ „ modification in the method of payment .. 43
„ „ Provincial Government · 47
„ „ yield on 44

U

United Kingdom 5
„ „ , stabilization of price levels in 12
„ „ production of war supplies 5
U. N. R. R. A. 1
United States 1,4
„ „ dollar bills 30
„ „ „ securities 34

W

War expenditure, recoverable .. 11, 35, 37, 38
Wartime absorption of currency .. 69
Wartime finances 2
Ways and means advances, Central Government 45
„ „ „ „ Provincial Governments 46
White Plan 1
Wholesale prices in India, U. K., etc. .. 3, 12
Withdrawal of nickel and copper coin .. 81
„ of silver coin 80

Reserve Bank of India

REPORT

ON

CURRENCY and FINANCE

FOR THE YEAR

1944-45

BOMBAY
THE TIMES OF INDIA PRESS
1945

CONTENTS

PART I—REPORT

	Paragraph	Page
I. INTRODUCTORY	1–11	1–20
General Features of the Year	1	1– 2
International Conferences	2	2– 4
Wartime Finances	3	4– 7
Money Circulation and Wholesale Prices	4	7
United States	5	7, 10–11
United Kingdom	6	11–13
Other Empire Countries	7	13–14
Middle Eastern Countries	8	15
The Union of Soviet Socialist Republics	9	15–16
Burma	10	16
India	11	16–20
II. PRICES AND TRADE	12–17	20–29
Price Trends in India and certain other Countries	12	20–22
Trends in International Trade	13	23–25
India's Balance of Trade in Merchandise (Private)	14	25–26
Direction of Trade (Excluding Re-exports)	15	26–28
Composition of Trade	16	29
Imports and Exports	17	29
III. BULLION	18–23	30–37
Production and Stocks of Gold	18	30–31
Price of Gold	19	31, 33–34
Assaying and Refining of Gold	20	34
Production and Stocks of Silver	21	34–35
Price of Silver	22	35–37
Assaying and Refining of Silver	23	37

	Paragraph	Page
IV. FOREIGN EXCHANGE AND EXCHANGE CONTROL	24–28	37–45
Purchase of Sterling and Remittances	24	37–39
Exchange	25	39
Developments in Exchange Control	26	40–41
Liberated Territories	27	41–44
(*i*) Belgium	27	41–42
(*ii*) France	27	42–43
(*iii*) Greece	27	43
(*iv*) Liberated Italy	27	43
(*v*) Sweden	27	43–44
(*vi*) French Establishments in India	27	44
(*vii*) Switzerland	27	44
(*viii*) Cyrenaica, Tripolitania, Ethiopia, Eritrea and Somalia	27	44
Methods of Export Finance	28	44
V. PUBLIC FINANCE	29–51	46–71
General	29	46
A. BUDGETS	30–35	46–57
CENTRAL GOVERNMENT:		
Finance Accounts, 1943-44	30	46–48
Revised Estimates, 1944-45	31	48–50
Budget Estimates, 1945-46	32	50–52
Railway Budget	33	53–54
Provincial Budgets	34	54–55
Subventions and Payments from the Centre	35	55–57
B. PUBLIC DEBT	36–51	57–71
General	36	57
(*a*) GOVERNMENT BALANCES AND SHORT-TERM BORROWING	37–42	57–61
CENTRAL GOVERNMENT:		
Balances	37	57–58
Treasury Bills	38	58–60
Yield on Treasury Bills	39	60
Ways and Means Advances	40	60
PROVINCIAL GOVERNMENTS:		
Balances and Ways and Means Advances	41	61
Treasury Bills	42	61

	Paragraph	Page
(*b*) LONG-TERM DEBT AND OTHER BORROWING	43–51	61–71
Government of India Loans	43	61–63
Repayment of Loans	44	63
Provision for Reduction of Debt	45	63
Composition of Total Rupee and Sterling Debt since 1913-14	46	64
Conversion of Government Promissory Notes into Stock Certificates, and Subsidiary General Ledger Accounts	47	64–65
Post Office Certificates and Savings Bank Deposits	48	65–66
Provincial Loans	49	66
The Debt Position of Provinces	50	67
Repatriation of Sterling Debt	51	67–71
VI. CAPITAL MARKETS, MONEY AND BANKING	52–61	71–84
Government Securities Market	52	71–73
Industrial Share Market	53	73–75
Money Rates and Conditions	54	75–76
Consolidated Position of Scheduled Banks	55	76–78
Clearing House Statistics	56	78–79
Internal Remittances	57	79–80
Encashment of Foreign Circle Notes	58	80
Reserve Bank of India: Banking Department	59	80–81
Reserve Bank of India: Issue Department	60	81–84
Banking Legislation	61	84
VII. CURRENCY	62–77	85–98
A. CIRCULATION AND ABSORPTION	62–67	85–94
Circulation and Absorption of Notes	62	85
Absorption of Rupees	63	85–86
Absorption of Small Coin	64	86–88
Total Absorption of Currency	65	88
Seasonal Movements of Currency	66	88, 91
Total Money Supply in India (Excluding Rupee Coin)	67	92–94

	Paragraph	Page
B. MISCELLANEOUS MATTERS CONNECTED WITH CURRENCY AND COINAGE	68–77	94–98
Changes in the form of Notes	68	94–95
Encashment of Burma Notes	69	95
Circulation of Notes by Denominations	70	95–96
Old Notes	71	96
Lost, Destroyed and Mutilated Notes	72	96
Note Forgeries	73	96–97
Coinage	74	97
Withdrawal of Silver Coin	75	97–98
Withdrawal of Nickel and Copper Coin	76	98
Counterfeit Coin	77	98

TABLES

1.	Exports under Lend-lease since March 1941	1	1
2.	Annual Revenue, Expenditure and Debt of the Empire Countries, the United States and Japan during the war	3	5–6
3.	Quarterly Indices of Average Monthly Note Circulation, Demand Deposits and Wholesale Prices in the Empire Countries and the United States	4	8
4.	Statistics (Quarterly) of Economic and Financial Trends in India	11	18
5.	Merchandise Exports from and Imports into Empire Countries and the United States during the war	13	24
6.	Direction of India's Sea-borne Trade	15	27
7.	India's Imports and Exports of certain Commodity Groups	17	29
8.	Production of Gold	18	30
9.	Monetary Stocks of Gold in certain countries	18	32
10.	Acquisition and Disposal of Sterling	24	38
11.	India's Public Revenue, Expenditure and Debt since 1938-39	29	47
12.	Composition of Defence Expenditure on Capital Account	32	50
13.	Important Heads of Revenue of the Government of India	32	51
14.	Revenue, Expenditure and Reserves of Indian Railways	33	53
15.	Divisible Pool of Taxes on Income and Distribution between the Centre and the Provinces	35	56
16.	Treasury Bill Rates in the Empire Countries	38	60
17.	Average Yield (Monthly) on Central Government Treasury Bills	39	60

		Paragraph	Page
18.	Outstandings of Rupee Counterparts of Repatriated Sterling Loans	43	62
19.	Subscriptions to Indian Defence Loans including Small Savings	43	63
20.	Amounts of Sterling Debt Repatriated under various schemes since 1937-38	51	68
21.	Disposal of Repatriated Sterling Debt	51	69
22.	Amounts of Loans and Other Sterling Debt Repatriated since 1937-38	51	70
23.	Face value and Market value of Rupee Securities of the Government of India	52	73
24.	Trends in Variable Yield Industrial Securities	53	74
25.	Relative changes (Increase or Decrease) in certain Items of Assets and Liabilities of the Reserve Bank ..	60	84
26.	Wartime Absorption of Small Coin by Denominations..	64	87
27.	Absorption of Small Coin by Circles	64	87
28.	Wartime Absorption of Currency	65	88
29.	Seasonal Demand for Currency	66	91
30.	Changes in Note Circulation and Demand Deposits of Scheduled Banks	66	91
31.	Total Money Supply in India (Excluding Rupee Coin Circulation)	67	93
32.	General Analysis of Sources of Money Supply	67	94
33.	Mintage of Rupees and Small Coin by Denominations..	74	97

GRAPHS

1.	Indices of Note Circulation, Demand Deposits and Wholesale Prices in certain countries during the war (base : July 1939 = 100).	4	9
2.	Wholesale Prices and Cost of Living	12	22
3.	Prices of Gold and Silver	19	33
4.	Methods of Export Finance (on percentage basis) ..	28	45
5.	Indices of Security Prices	53	75
6.	Scheduled Banks' Position	55	78
7.	Assets of the Issue Department of the Reserve Bank of India	60	82
8.	Liabilities of the Banking Department of the Reserve Bank of India	60	82
9.	Liabilities and Assets of the Reserve Bank of India (Issue and Banking Departments combined)	60	83
10.	Absorption of Notes, Rupees and Small Coin, 1942-43 to 1944-45	65	89
11.	Absorption of Currency during the war	65	90

PART II
STATEMENTS

		Paragraph	Page
I.	Index Numbers of Wholesale Prices and Cost of Living in India and Certain Other Countries since 1938 (January-June 1939 = 100) ..	12	99
II.	Index Numbers of Wholesale Prices in India by groups of articles since 1939-40 (week ended 19th August 1939 = 100)	12	100
III.	Balance of Trade in Merchandise of British India, 1944-45	14	101
IV.	Highest, Lowest and Average (Annual) Prices of Gold and Silver in Bombay and Import Duty on Silver, since 1926-27	19	101
V.	Highest, Lowest and Average (Monthly) Prices of Bar Gold and Sovereigns in Bombay, 1944-45	19	102
VI.	Prices of Gold and Silver (Weekly) and Estimated Stocks in Bombay, 1944-45 ..	19	103
VII.	Price of Silver in London, New York and Bombay (Monthly), 1944-45	22	104
VIII.	Purchases of Sterling by the Reserve Bank of India since 1937-38	24	105
IX.	Provincial Government Budgets, 1945-46 ..	34	105
X.	Subventions and other Payments made by the Centre to the Provinces under the Government of India (Distribution of Revenues) Order as amended	35	106
XI.	Government Balances in India with the Reserve Bank of India and at Government Treasuries, 1944-45	37 & 41	107
XII.	Government of India Treasury Bills since 1918-19	38	108
XIII.	Government of India Three Months Treasury Bills, 1944-45	38	109
XIV.	Government of India Treasury Bills Transactions, 1944-45	38	110
XV.	Provincial Government Three Months Treasury Bills, 1944-45	42	110
XVI.	Public Debt of India since 1913-14—(A) Rupee Debt, (B) Sterling Debt	46	111–112
XVII.	Post Office (A) Cash Certificates, (B) Defence Savings Certificates and (C) National Savings Certificates	48	113
XVIII.	Post Office (A) Savings Bank, (B) Defence Savings Bank	48	114
XIX.	Post Office Savings Certificates and Savings Bank Deposits (Monthly)	48	115
XX.	Debt Position of Provinces since 1936-37 ..	50	116

		Paragraph	Page
XXI.	Prices (Annual) of Representative Rupee Securities of the Government of India since 1914-15	52	117
XXII.	Representative Rupee Securities of the Government of India: Prices in Bombay, 1944-45..	52	118–119
XXIII.	Money Rates in India since 1935-36	54	120–121
XXIV.	Index Numbers of Prices (Monthly) of Indian Securities (1927-28=100)	53	122
XXV.	Scheduled Banks' Consolidated Position in India and Burma since 1935-36	55	123
XXVI.	Scheduled Banks' Consolidated Position in India and Burma since 1935-36—Indices (1938-39 = 100)	55	124
XXVII.	Clearing House Statistics (Annual) since 1918-19	56	125
XXVIII.	Number and Amount of Cheques cleared (Monthly) at each Centre, 1944-45	56	126
XXIX.	(A) Remittances through the Reserve Bank of India; Telegraphic Transfers Issued and Paid	57	127
	(B) Remittances through the Imperial Bank of India, 1944-45	57	127
	(C) Remittances effected between the Reserve Bank of India, and the Imperial Bank of India and Treasury Agencies	57	128
XXX.	Encashment of Foreign Circle Notes, 1944-45..	58	128
XXXI.	Reserve Bank of India: Banking Department since 1935-36	59	129
XXXII.	Reserve Bank of India: Banking Department—Weekly Statement of Assets and Liabilities, 1944-45	59	130–131
XXXIII.	Reserve Bank of India: Issue Department—Weekly Statement of Assets and Liabilities, 1944-45	60	132–133
XXXIV.	Reserve Bank of India: Issue Department since 1935-36	60	134
XXXV.	Monthly Statistics of Note Circulation in India and Burma since 1939-40	60	135
XXXVI.	Circulation and Absorption of Notes (Annual) in India and Burma since 1909-10	62	136
XXXVII.	Absorption of Small Coin (Annual) since 1909-10	64	137
XXXVIII.	Absorption of Currency (Annual) since 1914-15.	65	138
XXXIX.	Monthly Absorption of Currency, 1944-45 ..	65	139
XL.	Circulation of Notes by Denominations since 1913-14	70	140
XLI.	Whole Rupees coined and issued from the Indian Mints since 1835	74	141–142

INTRODUCTORY

General Features of the Year.—With the announcement on the 8th May 1945 of unconditional surrender by Germany to the Allied Expeditionary Force and the Soviet High Command, the European—and major—phase of the Second World War came to an end. The war with Japan in the Pacific was by progressive stages carried closer to the enemy's home territory, while on the Burma front, after their ejection from India's eastern frontier, the Japanese were successively forced out of Northern and Central Burma and with the entry of the Allied forces into Rangoon early in May 1945, their expulsion from that country was nearing completion.

The policy of pooling the financial, material and shipping resources of the Allies, through agencies like the Combined Raw Materials Board, the Combined Food Board and the Combined Production and Resources Board initiated earlier during the war, was continued during the year. As indicated in the second year's Report of the Production and Resources Board issued in 1944, the services of these agencies were increasingly utilised for releasing supplies to afford relief to the peoples of the liberated areas, for devising measures for increases in their civilian production, and for working out systems of priorities for these purposes. The task of allocating supplies, particularly of food and clothing, has been rendered peculiarly difficult by acute shortage of supplies, current world production of cotton goods, for instance, in all but the Japanese controlled areas being estimated at 24 billion yards as against 35 billion yards before the war. The services of the UNRRA were also utilised in supplying food, farm machinery, wearing apparel, coal, medical supplies, etc. The flow of lend-lease aid from the United States increased in volume, and the value of goods and services supplied to the Allies at $15.4 billion during 1944 touched a new record. According to the 19th Report on Lend-Lease released by the U.S. Administration in May 1945 the total lend-lease aid since March 1941 up to the end of March 1945 aggregated $39 billion. The total lend-lease exports from the United States to the various United Nations are shown below :—

TABLE 1. EXPORTS UNDER LEND-LEASE SINCE MARCH 1941.

($ million)

Countries	During 1944	Upto 31st March 1945	Percentage of col. (3) to total lend-lease aid at 39 billion dollars
(1)	(2)	(3)	(4)
1 United Kingdom	5,097	12,775	33
2 Soviet Russia	3,429	8,410	22
3 Africa, the Middle East and the Mediterranean area	1,195	3,813	10
4 China and India	835	2,023	5
5 Australia and New Zealand	366	1,257	3
6 Latin America	82	227	1
7 Others	282	805	2

On the other hand, the amount of Reciprocal Aid furnished to the U.S. forces also showed a progressive increase. The total value of such reverse lend-lease up to the end of 1944 was $5 billion. A British Government White Paper places the value of the United Kingdom's aid to Allied Governments up to June 1944 at £1,080 million of which the U.S. forces received £605 million. The value of supplies made by India under reciprocal aid rose from Rs.35 crores in 1943-44 to Rs.76 crores in 1944-45.

Conditions of full employment, Governmental expenditure on an unprecedented scale, diversion of productive capacity to war purposes and reduced imports continued to impose a severe strain on national cost and price levels, and everywhere called for considerable efforts to sustain economic and financial stability. A large measure of stability had, however, already been achieved in most countries and the problem was how to safeguard it. To this end, the physical and financial controls already instituted were maintained and intensified. Some idea of the relative measure of economic and financial strain imposed by the war on the economies of principal belligerent and Empire countries can be had from the proportion of the national incomes or national budgets devoted to defence expenditure and the reduction in civilian standards of consumption and in private capital investment during recent years.

2. *International Conferences.*—The war has brought a wide realisation of the close inter-dependence of nations in the social, economic and political spheres and of the need for the setting up of functioning institutions to form the nuclei of international organisations in various phases of international life. A series of international conferences have accordingly been called, mostly at the instance of the United States Government or business circles, besides group and regional conferences, *e.g.*, among members of the Commonwealth or areas such as the Americas and the Middle East, to deliberate upon matters of common interest and formulate concrete lines of international action or policy towards their treatment. India was represented at all the important world conferences. The International Labour Conference held at Philadelphia in April 1944 unanimously adopted a social charter of rights for the common man, embodying the right to freedom of association and collective bargaining and minimum safeguards for employment. Problems connected with post-war trade and commerce, currency relations, trade barriers, etc., were discussed by representative businessmen at another non-official conference held at Rye in the United States in November 1944. The Conference advocated free enterprise as a necessary condition of progress. The International Civil Aviation Conference held at Chicago early in the same month devoted itself to questions such as the setting up of an International Convention and an interim agreement for the regulation of world air traffic and established an Interim Council on which India has a seat. A series of conferences of the representatives of the Governments of the members of the Commonwealth were held during the year, at which questions connected with the prosecution of war, international security, aviation and migration within the Empire were discussed and decisions taken to enable the Commonwealth to formulate its general views on international problems. Guarantee of peace and freedom from aggression being the necessary basis of all ordered human progress and international economic collaboration, the organisation of world security in the post-war period occupied a prominent place in international discussions. The spirit of the United Nations' resolve embodied in Article 4 of the Moscow Agreement which recognised the necessity of establishing at the earliest possible date a general

international organisation based on the sovereign equality of all peace loving States was carried a step further by the tentative decisions on the question of world security taken at the Dumbarton Oaks Conference in October 1944. These decisions related to the institution of a General Assembly, a World Security Council and an International Court of justice. The World Security Council was to be primarily responsible for ensuring security, and an international military staff committee was envisaged to assist the Council in its task. The decisions were reaffirmed at the Yalta Conference in the Crimea in February 1945, at which it was decided to call a representative international conference of the United Nations at San Francisco on the 25th April to give shape to the Dumbarton Oaks decisions. The San Francisco Conference, which concluded its session on the 27th June 1945, adopted a Charter, proposing the setting up of an international organisation known as the United Nations primarily to safeguard peace and assure world security.

The Yalta Conference which met on the eve of the collapse of Germany, also dealt with problems arising out of the implications of Germany's unconditional surrender, occupation of the enemy territory, resettlement of liberated areas and reparations by Germany. Germany was to be obliged to make compensation in kind to the greatest extent possible for the damage caused to the Allied Nations, and a Commission for the compensation of damage was to be established. Mention may also be made of the Pacific Relations Conference in January 1945 at which the economic and political future of territories in the Pacific was discussed, and of the World Trade Union Conference held in London in February 1945 at which proposals for setting up a new World Trade Union Organisation were debated.

Of particular monetary significance among the international conferences held during the year was the United Nations Monetary and Financial Conference held at Brettonwoods (N.H.) in July 1944 at which a concrete programme for international monetary and financial co-operation was worked out. This included Articles of Agreement representing the consensus of conclusions of the experts of the forty-four nations represented in the Conference, relating to an International Monetary Fund and an International Bank for Reconstruction and Development. A main object of the International Monetary Fund is to provide member countries with short-term resources (based on the quotas allotted to each country) to enable them to tide over temporary deficits in their balances of payments and thereby to promote stability of exchange, which is essential to the balanced growth of international trade. The aggregate of all member quotas in the Fund will be composed of gold, member countries' currencies and securities totalling $8.8 billion in all, of which India's quota is $0.4 billion; the quota is a measure of a country's subscription, as well as of its borrowing rights, voting rights and share in the management. The purpose of the International Bank is to promote the flow of long-term international capital to assist in the reconstruction of economic life, the reconversion of productive resources and the economic development of member countries; the Bank may also thus contribute to long-term equilibrium in international balances of payments. The Indian delegation to the Monetary Conference pressed for some provision for a partial multilateral clearing of the wartime sterling balances through the machinery of the Fund in the interests alike of the economic development of the backward countries and the expansion of multilateral trade, thereby assisting the broad objectives of the Fund. The proposal, however, was rejected by the Conference on the ground of the limited size of the Fund in relation to the magnitude of the war balances. The Conference also rejected the Indian delegation's claim for the

allotment of a larger quota and for a permanent seat on the Executive Committee of the Fund and of the Bank, though her quota is large enough to assure her continuous election to the Executive Committee of the two institutions. The Articles of Agreement await ratification by the Governments of the participating countries and will come into force when the Agreement is signed on behalf of Governments having 65 per cent. of the total quotas.

3. *Wartime Finances.*—The table on pages 5 and 6 gives figures of revenue, defence and total expenditure and public debt since 1938-39 in respect of the principal belligerent countries excepting Germany (for which figures are not available). The table brings out a few striking similarities in trends in the general pattern of public finance operations of the various countries, though there are important differences in the individual characteristics of the series included. Column 7 showing the percentage increase in total expenditure from year to year indicates that the largest relative increase in expenditure took place in the United Kingdom and the Dominions in 1940-41 ; this was the year of maximum tempo of financial war effort in all these countries when the most considerable part of the shift of their economies from a peace to wartime basis occurred. The corresponding year or years in the case of the United States were 1941-42 and 1942-43 owing to its later entry into the war. In India, the year of largest increase in budgetary expenditure was 1942-43, suggesting that the heaviest direct financial burden was related to the Japanese phase of the war. These, it would appear, were also the respective years of maximum strain on the economic and financial equilibrium of the different countries. One evidence of this is afforded by the figures (in column 8) relating to the ratio of total revenue to total expenditure, which showed the largest dip in these years in the respective countries. This indicated the inability of revenue resources to expand in proportion to the large increase in expenditure, rendering necessary the largest relative annual rise in public debt in the same year or years (as would appear from column 9). After the respective year or years of maximum percentage increase in expenditure in each country, the curve of rising expenditure in the several countries gradually tapers off and during the last year or so there has been either a small rise or decline in the level of expenditure in all countries. Meanwhile, the revenue receipts, as well as their proportion to total expenditure, have continued to increase, the lag between expenditure and revenue being correspondingly reduced ; the largest increase in revenue occurred generally in the year or two following the heaviest increase in expenditure. The process of expansion of tax resources was slower as compared with the sudden and immediate increase in expenditure, and borrowing of varying degrees of inflationary potential filled the gap (as reflected in the indices of money circulation in the next paragraph). Attempts have, however, been made to reduce recourse to inflationary forms of borrowing by increasing as far as possible the flow of savings from individual and institutional investors. Broadly, from 42 to 65 per cent. of the expenditure is met from revenue in the several countries,* and the rest from borrowing.

The national patterns of wartime borrowing disclose interesting features as regards the types of issues outstanding, maturities, interest rates and groups of holders.

* In the case of India, where this percentage is 62, the large expenditure on Allied account vitiates any direct comparison based on budgetary figures alone, and the real inflationary impact of public finance operations is far larger than the direct gap between expenditure and revenue; on the other hand, the significance of the gap which is relatively about the smallest in the United Kingdom (excepting South Africa) is further reduced by the practical immobilisation of large balances owned abroad and compulsorily invested in British treasury bills.

TABLE 2. ANNUAL REVENUE, EXPENDITURE AND DEBT OF THE EMPIRE COUNTRIES, THE UNITED STATES AND JAPAN DURING THE WAR

Country.	Years	Total Revenue	Taxes on Income	*Percentage of 3 to 2*	Defence Expenditure	Total Expenditure	*Percentage Increase in 6*	*Percentage of 2 to 6*	Public Debt (year-end figures)
	1	2	3	4	5	6	7	8	9
United States (In millions of $)	July-June								
	1938-39	5,165*a*	2,189	*42*	1,206	8,707	——	*59·3*	40,440
	1940-41	7,607*a*	3,470	*46*	6,301	12,711	+ *41*	*59·8*	48,961
	1941-42	12,799*a*	7,960	*62*	26,011	32,397	+*155*	*39·5*	72,422
	1942-43	22,282*a*	16,094	*72*	72,109	78,189	+*141*	*28·5*	136,696
	1943-44	41,200*a*	34,655	*84*	88,500	96,300	+ *23*	*42·8*	201,003
	1944-45 (Estimates)	40,800*a*	34,646	*85*	88,200	98,000	+ *2*	*41·6*	258,000
				a. Net revenue.					
United Kingdom (In millions of £)	April-March								
	1938-39	927	420	*45*	400*b*	941	——	*98·5*	8,163
	1940-41	1,409	696	*49*	3,220*b*	3,819	+ *110*	*36·9*	11,399
	1941-42	2,175	1,114	*51*	4,085*b*	4,840	+ *27*	*45·0*	14,074
	1942-43	2,820	1,460	*52*	4,840*b*	5,433	+ *12*	*51·9*	16,855
	1943-44	3,039	1,760	*58*	4,950*b*	5,799*c*	+ *7*	*52·4*	19,593
	1944-45	3,238	1,901	*59*	5,125*b*	6,063*c*	+ *5*	*53·4*	22,398
	1945-46 (Estimates)	3,265	1,930	*59*	4,500*b*	5,565	— *8*	*58·7*	——

b. The figures are approximate estimates. 1938-39—Navy, Army, Ordnance and Air votes and Issues under the Defence Loans Act. The Defence expenditure was entirely met from votes of credit from 1940-41 onwards. *c.* Exchequer Issues.

Canada* (In millions of Canadian $)	April-March								
	1938-39	499	142	*28*	34	573	——	*87·1*	3,638
	1940-41	857	272	*32*	1,394	1,888	*139*	*45·4*	4,737
	1941-42	1,469	645	*44*	2,387	2,939	*56*	*50·0*	6,609
	1942-43	2,272	1,365‡	*60*	4,102	4,756	*62*	*47·8*	8,893
	1943-44	2,814	1,620‡	*58*	5,029	5,826	*22*	*48·3*	——
	1944-45 (Estimates)	2,702†	1,582‡	*59*	4,450	6,000	*3*	*45·0*	——

* Defence Expenditure includes War Advances and financing Allied War Expenditure in Canada including the Gift to the United Kingdom of 1,000 million dollars in 1942-43. † In addition to the 800 million dollars appropriated for Mutual Aid in 1944-45 an unexpected balance of 87.4 million dollars was carried over from the 1943-44 appropriation of 1,000 million dollars. ‡ Includes 70,000,000 dollars in 1942-43, and 1,55,000,000 dollars in 1943-44 and 85,000,000 dollars in 1944-45 of Income Taxes and Excess Profit Taxes refundable after the war.

Country	Years	Total Revenue	Taxes on Income	*Percentage of 3 to 2*	Defence Expenditure	Total Expenditure	*Percentage Increase in 6*	*Percentage of 2 to 6*	Public Debt (year-end figures)
	1	2	3	4	5	6	7	8	9
Australia	July-June								
(In millions of Australian £)	1938-39	95	12	*13*	14	99	——	*96·0*	397
	1940-41	151	43	*29*	170	256	+ *83*	*59·0*	510
	1941-42	210	86	*41*	320	421	+ *64*	*49·9*	718
	1942-43	267*	151	*57*	562	670	+ *59*	*39·9*	1,107
	1943-44	309*	194	*62*	544	686	+ *2*	*45·0*	1,476
	1944-45 (Estimates)	325*	211	*65*	505	653	— *5*	*49·8*	——
	* Excludes grants to States for income-tax reimbursements and entertainment tax reimbursements.								
South Africa†	April-March								
(In millions of South African £)	1939-40	45·5	18	*40*	3·8	71·3	——	*63·8*	291
	1940-41	62·9	33	*52*	60·0	128·2	+ *80*	*49·1*	336
	1941-42	79·5	43	*54*	72·0	131·5	+ *3*	*60·5*	381
	1942-43	94·5	58	*61*	96·0	166·0	+ *26*	*56·9*	430
	1943-44	107·5	61	*57*	102·5	173·5	+ *5*	*62·0*	478
	1944-45	116·0	60	*51*	101·3	181·0	+ *4*	*64·1*	532
	1945-46 (Estimates)	123·5	65	*53*	82·5	189·0	+ *4*	*65·3*	588
	† Including expenditure on Loan Account.								
India	April-March								
(In millions of Rs.)	1938-39	845	173	*20*	462	852	——	*99·2*	12,058
	1940-41	1,077	259	*24*	736	1,142	+ *21*	*94·3*	12,477
	1941-42	1,346	440	*33*	1,039	1,473	+ *29*	*91·4*	12,092
	1942-43	1,769	858	*49*	2,671‡	3,416	+*132*	*51·8*	13,891
	1943-44	2,521	1,291	*51*	3,959‡	4,793	+ *40*	*52·6*	15,653
	1944-45 (Revised)	3,569	2,100	*59*	4,566‡	5,721	+ *19*	*62·4*	18,485
	1945-46 (Budget)	3,623	1,905	*53*	4,120‡	5,354	— *6*	*67·7*	22,066
	The figures of public debt represent the total interest-bearing obligations. ‡ Including expenditure on Capital Account.								
Japan¶	1938-39	1,814	1,118	*62*	6,097	8,084	——	*22·4*	17,837
(In millions of Yen)	1940-41	3,168	2,545	*80*	6,764	10,034	+ *12*	*31·6*	30,895
	1941-42	3,868	2,973	*77*	15,730	20,253	+*102*	*19·1*	41,677
	1942-43	5,767	3,944	*68*	18,079	24,311	+ *20*	*23·7*	45,333 (June)
	¶ The figures of total revenue represent tax receipts only, while those of expenditure include Capital account.								

The national debt of the United States in 1944 showed a rise of about three and a half times over the 1939 level as against an increase of more than one and a half times in the United Kingdom and Canada, though the debt-to-national income ratio in the United States was about equal to that of Canada and far below that of the United Kingdom. Short-term borrowing has generally predominated during the war period: about 54 per cent. of the United States public marketable debt is covered by loans maturing within five years against 44 per cent. in the United Kingdom and 45 per cent. in Canada; in India, however, the percentage of total debt maturing within five years is 22 per cent., both institutional and other investors favouring a longer term investment.

According to an analysis of the tax revenue during the period 1938-39 to 1944-45, taxes on income have increased by more than sixteen-fold in Australia, nearly fifteen-fold in the United States, eleven-fold in India, ten-fold in Canada and three and a half fold in the United Kingdom; on the other hand, receipts from customs and excise have risen by about three-fold in Canada, two-fold in the United Kingdom and India and by less than one-half in Australia. In consequence the proportion of taxes on income (direct taxation) to total revenue has increased substantially in all countries, thus making for better-balanced tax systems.

4. *Money Circulation and Wholesale Prices.*—The table on page 8 gives comparative indices of note circulation, sight deposits of commercial banks and wholesale prices since the war for the United States, certain Empire countries and India. The graphs on page 9 show the relative trends of the various series in the different countries.

Following the adoption of stabilisation measures earlier, there was only a moderate expansion in currency in most of the countries during the year under review, while the rate of increase in deposits has also somewhat slackened. Thus in the United Kingdom note circulation in 1944 rose only by 13 per cent. as against 18 per cent. in the previous year and in the United States the corresponding increases were 29 per cent. and 38 per cent. Deposits in the two countries increased by 12·7 and 13·9 per cent. in 1944 as against increases of about 11·1 and 20·9 per cent. respectively in 1943. The trends are similar in respect of Canada, Australia and South Africa. Prices showed only minor variations in most of the countries included in the statement. In India, the rate of note expansion in 1944-45 showed a considerable decline, being 23 per cent. as against 37 per cent. in 1943-44; general prices remained comparatively stable at the levels attained during the last quarter of 1943-44 after their decline from the peak level of the second quarter of that year. An analysis, denomination-wise, of note circulation in most countries appears to show a relatively larger increase in issues of notes of larger denominations, such denominations being mainly used for making payments in black markets and for hoarding purposes.

It is interesting to note that since the withdrawal of notes of larger denominations in the United Kingdom, black marketeers are reported to have increasingly resorted to diamonds as a means of payments; in less advanced countries such payments are often made through the medium of gold.

5. *United States.*—The table on page 10 shows certain essential monetary, production and price indices bearing on the trends in the United States' economy. The second year after the entry of the United States into war, *viz.*, 1943, marked

TABLE 3. QUARTERLY INDICES OF AVERAGE MONTHLY NOTE CIRCULATION, DEMAND DEPOSITS AND WHOLESALE PRICES IN THE EMPIRE COUNTRIES AND THE UNITED STATES.

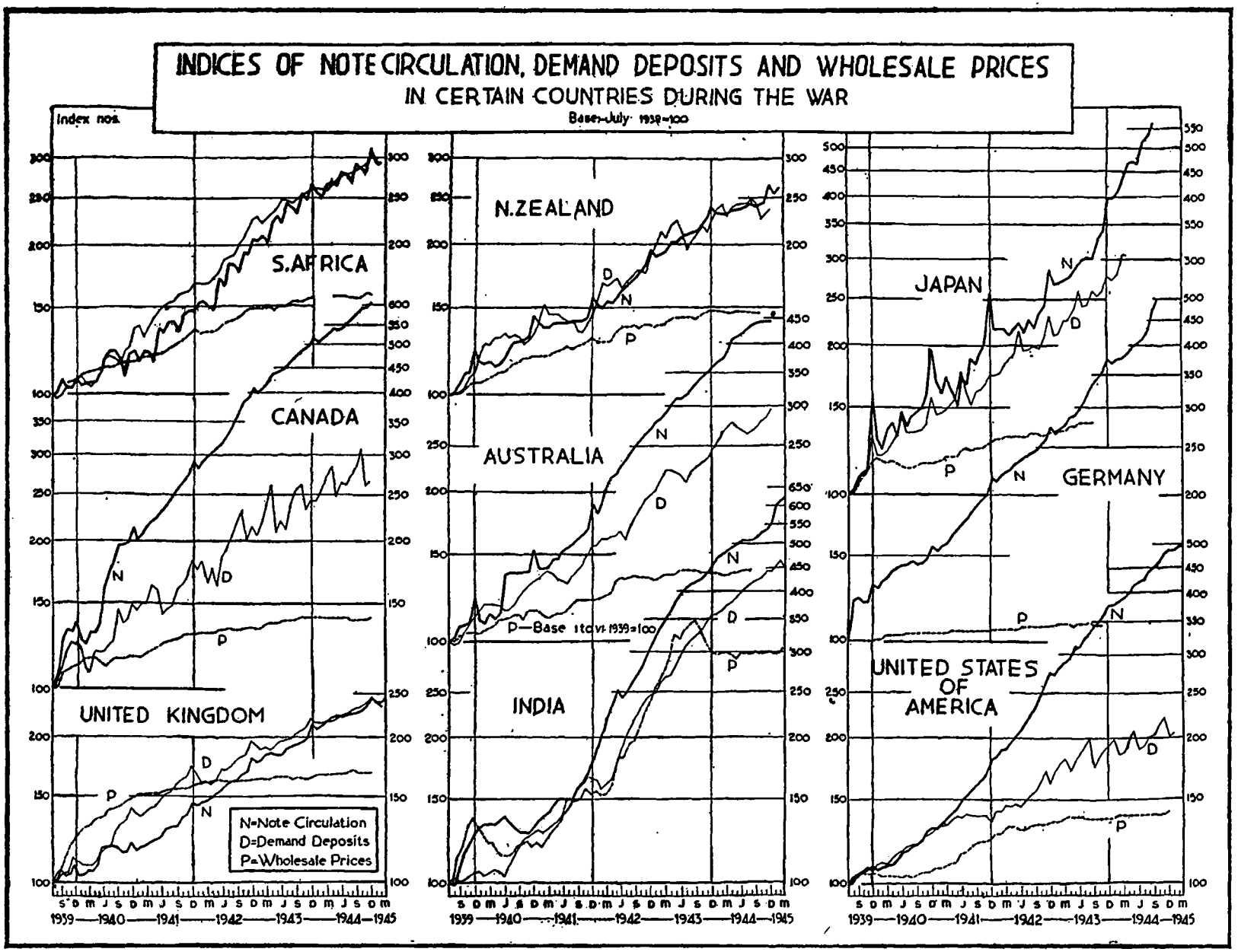
(*July* 1939 = 100)

		1939	1940	1941	1942	1943				1944				1945	
		III	Annual Average			I	II	III	IV	I	II	III	IV	I	
INDIA	*N*	*102*	*132*	*152*	*258*	*356*	*405*	*437*	*464*	*505*	*530*	*542*	*567*	*613*	*(+21)*
	D	*101*	*113*	*144*	*207*	*273*	*299*	*335*	*367*	*390*	*414*	*441*	*458*	*455*	*(+17)*
	P	105	120	139	185	258	312	*342*	316	299	296	299	299	301	(+0.7)
UNITED KINGDOM ..	*N*	*103*	*113*	*128*	*159*	*180*	*185*	*191*	*202*	*212*	*221*	*224*	*234*	*240*	*(+13)*
	D	*101*	*120*	*152*	*173*	*189*	*192*	*199*	*211*	*212*	*218*	*224*	*237*	*237‡*	*(+12)*
	P	102	139	155	162	165	166	166	165	168	169	170	170	170	(+ 1)
CANADA	*N*	*110*	*163*	*240*	*337*	*410*	*442*	*468*	*502*	*517*	*539*	*567*	*600*	..	
	D	*104*	*126*	*157*	*193*	*221*	*230*	*235*	*247*	*256*	*266*	*273*	*279*	..	
	P	103	114	124	132	134	137	138	141	141	141	140	140	..	
SOUTH AFRICA..	*N*	*103*	*114*	*134*	*173*	*205*	*225*	*238*	*255*	*257*	*271*	*280*	*292*	*293‡*	*(+14)*
	D	*99*	*117*	*150*	*189*	*226*	*239*	*247*	*257*	*259*	*267‡*	*281*	*293*	..	
	P	98	114	124	140	149	150	153	156	158*	158	157	156	..	
AUSTRALIA ..	*N*	*103*	*128*	*156*	*229*	*284*	*307*	*325*	*352*	*377*	*414*	*438*	*445*	..	
	D	*100*	*122*	*139*	*172*	*213*	*221*	*220*	*238*	*265*	*274*	*269*	*288*	..	
	P†	97	110	117	131	135	138	139	138	137	138	140	..	..	
UNITED STATES	*N*	*102*	*116*	*151*	*217*	*277*	*300*	*328*	*360*	*382*	*409*	*436*	*472*	*491*	*(+69)*
	D	*103*	*118*	*137*	*152*	*177*	*179*	*190*	*189*	*189*	*198*	*199*	*212*	*209‡*	*(+11)*
	P	102	104	116	131	136	138	137	137	138	139	139	139	..	

N—Note Circulation. D—Demand Deposits. P—Wholesale Prices.

‡ (Provisional) for two months only. * For one month only. † January to June 1939 = 100.

Figures within brackets indicate the percentage change in the quarter over the corresponding quarter of the previous year.


INDICES OF NOTE CIRCULATION, DEMAND DEPOSITS AND WHOLESALE PRICES
IN CERTAIN COUNTRIES DURING THE WAR
Base=July 1939=100
Index nos.
S.AFRICA
CANADA
UNITED KINGDOM
N.ZEALAND
AUSTRALIA
INDIA
JAPAN
GERMANY
UNITED STATES OF AMERICA
N=Note Circulation
D=Demand Deposits
P=Wholesale Prices
P—Base 1st qr. 1939=100
1939—1940—1941—1942—1943—1944—1945

the approximate completion of industrial mobilisation and the attainment of maximum wartime output, the Federal Reserve Board index number of industrial production (1935-39=100) touching its peak of 249 in October 1943 as against 218 a year before. Productive capacity is estimated to have increased by about 50 per cent. during the war. The over-all picture of the third year, *viz.*, 1944 has been one of gradual curtailment of war economic activity, planned initiation of reconversion programmes and the achievement of a fuller measure of economic and financial equilibrium. The index of total industrial production declined slightly from 239 at the end of 1943 to 229 a year later. The various price control measures, originally embodied in the Stabilisation Act of October 1942, were extended for a further period of one year to the 30th June 1945, subject to certain increases in ceiling prices of farm products, with corresponding increases in a few cases in the ceiling prices of finished products. These changes in the stabilisation policy did not, however, have any material effect on the general price level, the indices of cost of living and wholesale prices rising only by 1·5 per cent. and 1 per cent. respectively during the whole of 1944. The United States has been comparatively successful in countering the powerful inflationary flood of purchasing power mainly by a plentiful flow of goods for civilian consumption: the country's standard of living during wartime has risen markedly above the pre-war level. The enforced reductions in the supplies of certain durable consumer goods such as motor cars, tyres, refrigerators, etc., have been more than compensated by a great expansion in other civilian industries covering durable as well as non-durable goods. The index number of Department Store Sales which has been on an upward trend since 1942 increased further by 11 per cent. during 1944 and averaged 186 in 1944 as against 133 in 1941.

	1938	1939	1940	1941	1942	1943	1944
Money in circulation (million dollars) (End of year) ..	6,856	7,598	8,732	11,160	15,410	20,449	25,307
Gold Stock (million dollars) (End of year)	14,512	17,644	21,995	22,737	22,726	21,938	20,619
Demand Deposits million dollars) (End of year) ..	25,986	29,793	34,945	38,992	48,922	60,815	66,900*
Time Deposits (million dollars) (End of year)	26,305	27,059	27,738	27,729	28,431	32,736	39,700*
Stock Prices (1935-39=100) ..	88.2	94.2	88.1	80.0	69.4	91.9	99.8
Income payments (1935-39 = 100)	98.5	105.4	113.5	138.0	174.6	213.0	233.3*
Industrial Production Total (1935-39 = 100)	89	109	125	162	199	239	235*
Department Store Sales (1935-39 = 100)	99	106	114	133	150	168	186
Factory Pay Rolls (1939=100)	84.2	100.0	114.5	167.5	245.2	330.4	334.2
Factory Employment (1939 = 100)	91.0	100.0	107.4	132.1	152.3	168.7	159.1
Cost of Living (1935-39 =100)	100.8	99.4	100.2	105.2	116.5	123.6	125.5
Wholesale prices All commodities (1926=100)	78.6	77.1	78.6	87.3	98.8	103.1	104.0
Wholesale Prices of farm products (1926 = 100) ..	68.5	65.3	67.7	82.4	105.9	122.6	123.3

* Preliminary

Among the measures instituted to facilitate the transition to peace may be mentioned the announcement by the War Production Board early in July 1944 of a full programme to prepare industry for civilian production. Four specific orders were issued in execution of the programme, the most important relating to the "Spot Authorisation Plan" initiated during the middle of August 1944, under

which controls over materials such as carbon steel, alloy steel and other metals including copper and alluminium were relaxed, and manufacturers were to be assisted in resuming production of articles of civilian consumption; the sale of surplus aircraft was started in July with the initial disposal of over 2,000 planes by the Defence Plant Corporation; by the 15th November 1944, the total dollar value of authorisations for reconversion under the Plan had reached $422 million, and the number of approved applications was 3,240. Legislative action was taken to give effect to Government's plans about other phases of reconversion. A set of four laws was passed in October 1944 *viz.*, the Contract Termination Act, the Veterans' Benefit Act, the Surplus Disposal Act and the General Reconversion Act. These plans, however, received a temporary setback in December 1944, while the Spot Authorisation Scheme had to be suspended for the time being, owing to military exigencies resulting from a protraction of war in Europe and its intensification in the East. Meanwhile, manpower shortages and shortfalls in essential supplies continued to claim attention and the Administration adopted the new Manpower Referral System under which assignment and distribution of industrial workers in the United States were brought under centralised control.

Long-term programmes of post-war reconstruction engaged the attention of official, semi-official and non-official bodies in the country. The major problem of post-war reconstruction in the United States is the provision of full employment and formulation of a post-war programme to avoid unemployment. It is estimated that there would be 60 million people available for work in the first year after the post-war transition; to maintain full employment will require a volume of production, taking account of normal population increase and expected increase in output per worker, equivalent to a gross national income at 1943 prices of $170 billion as compared with the wartime peak income of $200 billion and with $108 billion in 1939. As such an unprecedented production effort will be required and also the fullest development of export markets. A United States Commerce Department forecast places the expected output in the first full peace-time year at 40 per cent. above the previous peace-time record of 1940 : if this materializes the problem of oversupply in the U.S.A. will constitute an important post-war economic problem for the world. A special Senate Committee Report on post-war problems, particularly employment, outlines a sixteen point programme which has been officially approved. The principal features of the programme relate to demobilisation; termination of war contracts and disposal of surpluses; construction projects on the termination of war; relaxation of price controls and rationing; post-war budgetary policy; refinancing of treasury obligations, revision of the tax structure to promote production and consumption; expansion of foreign trade and prevention of monopolies and trade barriers. Action has already been taken on some of the recommendations of the Committee connected with contract termination, procurement by Government agencies, available plant capacity for civilian goods production and, lastly, preparation of a revenue bill designed to encourage private enterprise in the transition period.

6. *United Kingdom.*—The magnitude of Britain's war effort or war damage during the five years of war is indicated in a White Paper issued in November 1944. During this period the available manpower rose from 18½ million to 22 million; over 4.5 million houses were destroyed or damaged out of a total of 13 million in the country, and 12.5 million tons of shipping were lost; Britain's food production was raised with a view to economising shipping by increasing the total land under

plough from 12.9 million acres in 1939 to 19.4 million acres in 1944 ; overseas assets valued at £1,065 million were sold, and new overseas liabilities totalling £2,300 million were incurred. The value of British exports shrank from £471 million during 1938 to £232 million in 1943 and the volume in the latter year was only 29 per cent. of pre-war. It is estimated that 80 per cent. of the nation's war potential will have to be directed to the task of fighting against Japan.

The year under review has been one of continued stabilisation of financial and economic indices such as currency circulation, cost of living, savings, wages and industrial relations. The following table gives various indices relating to the main features of Britain's wartime economy:

	1938	1939	1940	1941	1942	1943	1944
Wholesale prices (1930=100) (average of months) ..	101.4	102.8	136.6	152.6	159.4	162.8	166.2
Cost of living (July 1914=100) (average of months) ..	156	158	184	199	200	199	201
Note circulation (£ million) (average of Wednesdays) ..	485.6	507.3	574.7	652.2	808.3	966.3	1,135.7
Bank deposits (£ million) (average of months) ..	1,244	1,252	1,487	1,885	2,148	2,455	2,765
Clearings (average of working days) (£ million)	133.1	124.3	133.6	144.4	163.3	189.8	207.8
Retail sales (average daily sales) (1942=100)	95	98	101	98	100	98	105
Wages rate (Prof. Bowley's index) (December 1924=100) (average of months) ..	104.3	106.0	117.0	127.5	136.3	143.0	151.3
Unemployment (succeeding January figures) (thousands).	2,133.8	1,602.6	764.3	195.1	121.0	96.3	122.2
Capital flotations (thousands of £)	118,098	66,294	4,096	2,326	3,907	8,583	7,576

Problems of reconversion and rehabilitation such as those connected with demobilisation, housing, full employment, land improvement, civil aviation, control of industry and development of exports received the attention of the authorities during the year and several important pronouncements of policy were made. A British Government White Paper issued at the end of September 1944, following the main outlines of the Beveridge plan, embodies ' a victory charter ' of security. It proposes to replace the several schemes of insurance for specific purposes like health, sickness etc., by a general scheme of social security for all purposes and to provide for every person in consideration of a single weekly payment varying from 1*sh.* 10*d.* to 4*sh.* 2*d.* a wide range of benefits such as family allowances, free health services, unemployment and sickness benefits, retirement pensions, widows' pensions, and maternity and death grants as well as orphans' and guardians' allowances ; besides the scheme proposes to add 27½ million to the 20 million already insured under the various existing insurance schemes. It is estimated that these proposals which will be operated by a new Ministry of Social Insurance will cost a minimum of £650 million a year rising to £831 million by 1975. Government's policy on the control of land-use was announced in a White Paper released in June 1944 ; the White Paper examines the findings of the Barlow, the Uthwatt and the Scott Committees, and proposes the levy of a Government betterment charge, fixed at 80 per cent., on the development value of land. A four-year plan for British farming announced early in the year proposes the continuance of the wartime policy of production of the maximum quantity of foods, lays special stress on ensuring the quality, economy and efficiency of British agriculture in the post-war period and guarantees to certain sections

of producers prices not below the present level. Another White Paper issued in September 1944 on partial demobilisation after the defeat of Germany, details the scheme of re-allocation of manpower between the armed forces and industry and the financial and technical facilities to be provided for reconversion of industry to a peacetime basis. As announced in January 1945, financial assistance to industry, including small and medium-sized industries, is to be provided through two special institutions *viz.*, the Finance Corporation for Industry Ltd., and the Industrial and Commercial Finance Corporation Ltd., with a capital of £25 million and £15 million, and with powers to borrow upto £100 million and £30 million respectively; the institutions will supplement and not displace private investment. The Wages Council Bill of January 1945 proposes orderly wage regulation throughout industry and the establishment of a system of standard wage rates through either a voluntary or statutory machinery, thus assuring to industry the continuance of the benefits of wartime controls, unlike after the last war. Industries to receive special rehabilitation facilities are primarily those connected with the country's export trade *e.g.*, the cotton textile industry. Pre-war facilities for export credits as provided through the Export Credit Guarantee Fund are also proposed to be expanded by raising the limit of credits from £75 million to £200 million. It is estimated that an expansion of 50 per cent. over the pre-war level in the country's export trade will be required to make up for the change in the balance of payments position as a result of the loss of British overseas investments and of the income from invisible services on this and other accounts, over and above the liquidation and servicing of the accumulating overseas balances in London. According to an estimate private consumption relatively to national income in Britain in the immediate post-war period at 63 per cent. though it may be higher as compared with the 50 per cent. in 1943, will have to be below the pre-war level of nearly 80 per cent., if the country is to balance its international accounts and make provision for domestic investment.

7. *Other Empire Countries.*—The wartime economy of the different Dominions presents a similar pattern of development. War has provided a great fillip to their industrial and economic development, led to conditions of full employment and substantial increases in national income, and laid the foundations for a broadened and diversified post-war economy. These countries have largely maintained their economic and financial equilibrium as a result of increased production and rigid control of wages and living costs, mainly through rationing and subsidies. Subsidies have been utilised to promote agricultural production, to stabilise wages as in Australia and to reduce the incidence of the rise in import prices. Rationing has had to be resorted to on occasions not to meet local shortages but to provide *e.g.*, in Canada, for the increasing demand of the Allied Governments, particularly the United Kingdom. The standards of consumption in most cases showed marked improvement; in Canada the index number of Department Store Sales (1935-39=100) averaged 165 in 1944 as against 151 in 1943 and 104 in 1939.

By 1943 about half of Canada's national income was being devoted to direct war uses, as against a maximum of 12 to 15 per cent. during the fourth year of the last war. During 1944, industrial and business activity continued to be on an upward grade as judged from the latest available indices of employment, pay rolls, car-loadings and of trade. The index number of aggregate pay rolls (June 1, 1941=100) averaged 148·2 in 1944 as against 144·9 in 1943 and 128·3 in 1942. A study of Canada's balance of international payments for the period 1938 to 1943, features

some important wartime developments : the balance of trade in merchandise rose from $195 million to $1,471 million mainly as a result of larger expansion of exports ; total current credits showed a rise from $1,361 million in 1938 to $4,064 million in 1943, as against a comparatively smaller increase in total current debits from $1,261 million to $2,858 million. The effectiveness of the Canadian stabilisation measures is reflected in the tenacity with which the living costs have been held in face of the marked increase in national income, the index numbers of cost of living (1935-39 = 100) being 117, 118 and 119 for 1942, 1943 and 1944 respectively. Subsidies have been the linchpin of the Canadian stabilisation programme and have been increasingly resorted to during 1943 and 1944, the total payments amounting to $65 million from December 1941 to March 1943, to $130 million in 1943-44 and to $227 million according to the budget provision for 1944-45 ; savings to the consumer as a result of the subsidies were officially estimated at $850 million in 1944. Among the problems of post-war reconstruction and maintenance of full employment those of providing intermediate credit to industry and extension of financial guarantees to export trade engaged attention during the year, and two new institutions, *viz.*, the Industrial Development Bank of Canada (a subsidiary of the Bank of Canada) and the Export Credits Insurance Corporation were set up in August 1944.

Typical instances of war-induced industrialisation in Australia are furnished by the promotion of engineering, machine-tool and aircraft manufacturing projects. Under the Mutual Aid Agreement concluded between Australia and the United States in September 1942, reciprocal lend-lease aid totalled £198 million by the end of September 1944 and is placed at £110 million for the financial year ending June 1945, representing 22 per cent. of Australia's total war expenditure during the current year, as against 20 per cent. in 1943-44. Australia's food production was affected by a severe drought, and wheat production during 1944-45 was placed at 50 million bushels as against the pre-war average of 155 million bushels. The Commonwealth Government's attempt to centralise certain essential economic and financial powers in the Federal Government during the first five years after the war was defeated at a referendum in August 1944. Government's plans for post-war industrial development include the adoption of a £153 million national works programme and another £20 million of loans to States and local Government bodies in 1944-45. According to an agreement concluded in September 1944 between Australia and Great Britain, the latter is to purchase from Australia exportable surpluses of meat and dairy products for the four years ending the 30th June 1948.

South Africa has witnessed during the war a considerable degree of diversification of its economy through the development of manufacture of industrial equipment and many previously imported types of consumer goods *e.g.*, small steel ingots, paper and chemicals. Prices in the Union rose by 4 per cent. in 1944 as against a rise of 9 per cent. in 1943 and stood at 54 per cent. above the 1939 level. Reports of investigations made by the Industrial and Agricultural Requirements Commission provide the basis of general economic reconstruction after the war. A report by a Parliamentary Committee on Social Security favoured the creation of a Social Security Fund on a contributory basis. It is not proposed, however, to undertake immediately a full-fledged programme of social security, the complete implementation of which will require an increase of at least 50 per cent. in the country's national income by 1955 ; to start with, a modified scheme of monetary benefits and pensions is proposed to be introduced which will cost Government £52 million by 1947.

8. *Middle Eastern Countries.*—Owing to their geographical and strategic position the countries of the Middle East were drawn early in the war into the orbit of the Allied war effort, serving as bases of supply for the African theatre and Russia. This along with the presence of large numbers of Allied forces resulted in heavy local Allied expenditures in these countries often exceeding the expenditures of their Governments. Industrially undeveloped, administratively ill-equipped and cut off from their normal supplies of imports, the countries of the Middle East have developed inflationary tendencies of a serious type. The inflationary spiral reached its peak with the rising tempo of war in 1943 as evidenced by indices of note circulation, wholesale prices and cost of living in countries like Egypt, Palestine, Iran and Iraq. Wartime expansion of currency has been the largest in Iraq, showing an increase of nearly 600 per cent. followed by Iran where the circulation rose fivefold. Price levels and living costs also have shown a correspondingly big upward surge in these two countries. Inflation in the Middle Eastern Countries has not been the outcome of unbalanced budgets. The second Anti-Inflation Conference held at Cairo in April 1944, consisting of representatives of eleven of the Middle Eastern Governments and the Governments of the United States, the United Kingdom and India, passed a number of resolutions recommending action to arrest the progress of inflation during the war and to counteract it in the post-war period. The resolutions emphasised the need for measures such as increased taxation, loans and savings, and price controls as also for the development of production to supplement the financial programme. Palestine, where the cost of living has risen the least, has attempted to combat inflation through adoption of food rationing, "utility" clothing and subsidies. Rationing was also introduced in Iraq in the middle of 1943 and was further extended in 1944 to cover tea, coffee and cotton textiles. Sales of gold have been resorted to in most of these countries to withdraw the excess purchasing power. A mitigating factor in the case of Egypt has been, as announced in September 1943, the replacement largely by internal loans of the country's sterling debt of approximately £90 million. In Iran, the measures taken have included a monopoly procurement of foodgrains, rationing, state control and distribution of cotton piece-goods, sugar, tea etc.; a committee has also been appointed to watch over trends in prices. The strain on the economy of the Middle Eastern countries was appreciably relieved with the cessation of hostilities in Africa about the end of 1943. With a view to promoting the development of agriculture, the Middle East Council of Agriculture was set up during 1944, under the ægis of the Middle East Supply Centre. The decision of the Middle East Supply Centre to relax controls over a wide range of imported articles with effect from January 1945, is expected to ease the supply situation in these countries.

9. *The Union of Soviet Socialist Republics.*—The main pre-occupation of the Union for years before the war had been the raising of its productive capacity and the building up of its capital equipment through a severe restriction on the output of consumer goods. This process was intensified after the outbreak of the war with Germany in June 1941. Strict Governmental control and planning of all economic activity rendered the task of diverting the economy to a wartime basis comparatively easier. The rise in income through wartime increase in employment has been absorbed mainly through increase in the rates of pre-war sales taxation amounting in certain cases to a half of the retail prices, State loans subscribed out of excess consumer purchasing power and a 10 per cent. surtax on all incomes. During the first two years of its war with Germany, the Soviet Union suffered a loss estimated

at 20 per cent. of its national income. The country's defence expenditure, however, increased by more than 75 per cent. during that period; three-quarters of this increase came from the diversion of resources from industrial development and the remainder from reduction in social and cultural developments, as would appear from the following figures :—

	1941 (Pre-war estimates)	1943	(£ millions) Percentage Increase (+) or Decrease (—)
Defence	2,830	5,000	+ 77
National Economy	2,050	870	— 58
Social Development	2,000	1,500	— 25
Administration	800	800	....
Civilian Consumption	4,500	3,000	— 33
Total National Income ..	12,180	11,170	— 8

The budget for 1945 provides for the largest military expenditure in Russia's history *viz.*, 137,900 million roubles or 45 per cent. of the total budget estimated at 305,000 million roubles. The budget also provides 40,100 million roubles for capital investment as against 29,000 million roubles in the previous year, nearly half of the former sum being earmarked for rehabilitation work in the liberated regions.

As available reports show, Russia's post-war economy would appear to involve a shift in economic balance in favour of Asiatic Russia, mainly in consequence of the war experience.

10. *Burma.*—The picture of conditions in the liberated parts of Burma, as portrayed in the British Government's White Paper of May 1945 on the country's future constitution, is one of shattered political, economic and social life and of dislocated trade and communications. The re-occupied areas have been placed under the military administration of the South East Asia Command, and Civil Affairs Officers have been appointed to undertake the task of rehabilitation. Preparatory to their return to the country, the Government of Burma in India have taken measures such as registration of firms, traders and individuals who may be allowed to accompany the civil authorities on their return to Burma; Burma had more than a million of Indian population before the war. The status of Indians in Burma and questions of emigration, citizenship rights and movement of labour formed the subject of discussions between the Government of India and the Government of Burma during the year under review. The Japanese occupation of the country meant inflation and wholesale requisitioning of labour, cattle and material. The first tasks of rehabilitation, before any long-range reconstruction programme can be undertaken, will, therefore, have to be confined to the more immediate needs such as food, clothing, medicine and cattle, the re-equipment of agriculture and restoration of transport. According to a communique issued by the South East Asia Command, the Japanese occupation currency (which an estimate has placed at Rs. 300 crores) was not to be recognised with effect from the 1st May 1945. According to a statement made by the Secretary of State the pre-invasion rights of companies operating oil-fields in Burma will remain unaffected.

11. *India.*—The scope of remedial measures instituted by Government since May 1943 to deal with the serious inflationary forces at work in the country's economy was widely extended during the year to provide for larger supplies of essential goods

through freer flow of imports, partial diversion to other sources of supply of the heavy defence requirements and allocation for civilian use of a part of the productive capacity reserved for defence requirements. Increased taxation and larger borrowing, sales of bullion and extension of commodity and price controls also assisted in establishing a measure of comparative equilibrium as reflected in the trends of prices, currency circulation and security and share values (*vide* table on page 18). A vital factor in holding the inflationary spiral was the rapid return of confidence accompanying successive Allied victories. The prospects of an early successful termination of the war had favourable reactions on wide sectors of the economy. The stimulus of war has led to some industrial advance in the country and expansion of existing capacity in many industries, but the over-all measure of industrialisation secured and the durable gain of productive capacity have been small relatively to many other Empire countries. Industrial and economic activity during the year under review was fairly well maintained, although expansion was restrained by shortages of transport, coal and skilled labour.

The food situation showed a marked improvement during the year, owing to a fuller implementation of the main recommendations of the Foodgrains Policy Committee relating to imports of foodgrains, extension of rationing, statutory price control and larger production ; Governmental monopoly procurement of grain, and co-ordinated purchases of military requirements also helped to relieve the position. While the object underlying the Central Government's food price policy has been to ensure adequate production at fair prices to the consumer, the authorities do not intend to allow prices to decline to the pre-war levels. Instructions have been issued to support the market *e.g.*, in the case of wheat, whenever prices show a tendency to decline unduly. Following the recommendation of the United Kingdom Fertiliser Mission which visited India in August 1944, it is proposed to manufacture in India 350,000 tons of sulphate of ammonia. Emergency irrigation schemes, expected to come into operation by the end of 1946 also aim at increasing the total area under food crops. The same objectives of increased production, controlled distribution and regulated prices have been pursued in the field of other consumer goods. The distribution among provinces of available supplies of mill-made cloth amounting to 4,800 million yards per annum as against 3,500 million yards before the war, and of handloom production, has been effected on the basis of pre-war rates of consumption. Shortage, particularly of the finer varieties became, however, accentuated as the year progressed. The general consumer goods position was alleviated by increased imports of a wide range of goods in common use such as bulbs, bicycles, stationery, drugs, light cars and locomotives and of limited supplies of textiles, and by releases by Government, of brass utensils, woollen textiles, footwear, paper, silk yarn, textiles of finer varieties, toilets, liquors etc. The over-all supply position also benefited from receipts of materials under lend-lease and under the Mutual Aid Agreement concluded in August 1944 between India and Canada ; under the terms of the latter, India was to receive railway equipment including locomotives, rolling stocks and a large quantity of component parts. The supply position is expected to improve further as a result of the institution in March 1945 of the system of open general licence for imports, liberalisation of quotas, and further prospects of betterment in the shipping and exchange situation. Meanwhile, the steady extension of the scope of the Hoarding and Profiteering Prevention Ordinance of October 1943 to cover additional commodities or bring about revisions in ceiling prices fixed earlier, and the issue in July 1944 of the Consumer Goods (Control of

TABLE 4. STATISTICS (QUARTERLY) OF ECONOMIC AND FINANCIAL TRENDS IN INDIA.

		1939-40	1942-43				1943-44				1944-45			
	I. PRICE INDICES (Quarter-end figures)	II	I	II	III	IV	I	II	III	IV	I	II	III	IV
1.	All primary commodities	111·9	156·3	163·3	177·0	218·0	238·8	237·5	232·2	226·8	236·0	238·5	247·8	246·8
2.	Manufactured articles	116·5	167·4	182·3	222·2	227·9	263·5	252·3	251·6	259·8	259·6	258·1	257·8	252·8
3.	General Index	112·9	158·6	167·3	186·0	220·1	244·0	240·6	235·3	233·5	240·9	242·6	250·0	248·1
4.	Bombay cost of living	106	152	170	188	208	235	245	247	226	236	239	236	225
5.	Exports	61	95	99	111	120	129	132	126	123	145	131		
6.	Imports	66	130	132	120	135	137	136	150	138	125	125		
7.	Fixed yield Government Securities	103·8	113·1	116·1	116·2	116·1	116·1	117·3	117·6	117·7	118·1	118·0	118·1	117·6
8.	Preference shares	127·8	137·0	147·7	153·5	157·1	160·2	164·1	165·7	171·6	173·0	174·4	178·2	181·2
9.	Variable yield securities	111·4	124·3	136·3	143·7	162·8	174·8	176·8	183·8	195·3	198·9	187·7	202·8	199·9
10.	Bullion :—													
	(*a*) Gold (Bombay *spot*)	110·7	137·0	155·3	*178·2	191·9	222·4	203·4	191·3	198·3	198·3	190·1	199·0	194·5
	(*b*) Silver „ „	123·3	175·1	186·7	*207·9	230·3	254·4	255·7	240·9	277·1	272·0	256·1	269·4	265·9
	II. FINANCIAL STATISTICS (In crores of rupees)													
1.	Scheduled Banks†													
	(*a*) Demand Deposits	133·1	243·2	293·2	330·8	357·9	390·9	433·7	482·4	512·6	545·7	580·1	606·5	606·8
	(*b*) Time Deposits	101·6	95·8	98·0	105·6	117·4	126·2	134·9	143·9	165·9	175·2	186·8	199·5	215·0
	(*c*) Cash and Balance with the Reserve Bank of India	28·4	60·0	75·8	74·3	64·5	66·2	81·4	100·9	87·0	113·9	124·3	121·6	106·4
2.	Cheque clearings (Total) §	490·6	570·2	591·5	749·0	905·0	989·6	1019·6	1036·4	1236·0	1193·1	1305·9	1321·9	1455·5
3.	Notes in circulation, excluding Burma notes (Quarter-end)	192·8	443·2	492·6	570·4	643·6	723·4	759·7	840·8	882·5	931·4	941·3	1009·6	1084·9
4.	Absorption (+) or Return (—) of Notes and Rupees ¶	+12·7	+63·4	+50·2	+100·3	+92·8	+89·1	+37·7	+89·0	+48·8	+53·5	+7·7	+70·4	+31·0
5.	Sterling Holdings of Reserve Bank (Quarter-end)	78·1	322·6	416·1	475·8	509·1	641·7	750·0	855·4	946·1	1002·1	1139·2	1246·7	1363·4
6.	Tax Revenue (April to Quarter-end)	34·3	18·5	42·9	77·3	134·5	28·9	66·3	112·4	191·1	42·6	100·6	180·0	298·4
7.	Defence Expenditure (April to Quarter-end)	21·0	34·6	84·5	138·3	214·6	48·0	104·1	183·8	358·4	72·4	161·0	272·0	397·2
8.	Rupee debt of Government of India :—													
	(*a*) Rupee loans (Quarter-end)	427·7	620·4	636·9	667·2	751·5	783·7	856·3	905·6	1002·6	1078·8	1106·5	1174·6	1219·0
	(*b*) Treasury bills outstanding (Quarter-end)	59·8	166·3	194·2	189·1	264·7	240·1	162·3	112·8	110·6	84·4	97·6	104·8	86·7

* Based on closing quotations of the 10th September.

† Average of weekly figures (excluding Burma).

§ Excluding Burma from December 1941.

¶ Excluding Burma from April 1942.

Base :—

Items 1 to 3 : Week ended 19th August 1939=100.

Item 4 : July 1933—June 1934=100.

Items 5 to 9 : 1927-28=100.

Item 10 : June—August 1939=100.

Distribution) Order to regulate supplies, distribution and prices of consumer goods including imported commodities, continue to restrain the price situation. Early in 1945, an official mission was sent to the United Kingdom to explore ways and means of reducing the strain on the country's civilian economy in view of the expected intensification of military operations in 1946. On the return of the Mission in April, arrangements were announced under which relief is proposed to be afforded in the form of additional imports from the United Kingdom and reduction in the demand of defence services on India's production.

Other important problems which engaged the attention of the authorities during the year under review concerned short-term objectives of rehabilitation and long-term projects of reconstruction after the war. The former comprised questions connected with orderly disposal of surplus military stores, re-settlement and re-employment of ex-servicemen, conversion of industry from war to peace, and relaxation or re-adjustment of controls to suit peace conditions. The latter included schemes of post-war reconstruction involving large scale capital expenditure for the development of the country as a whole such as the expansion of hydro-electric projects as the basis of industrial and agricultural development, production of capital and consumer goods, betterment of transport services and improvement of agriculture, particularly through irrigation. A number of blue prints were issued by the Central, Provincial and State Governments detailing plans of reconstruction. The Provincial and State authorities devoted attention mainly to problems of rural reconstruction including re-settlement of soldiers, development of small scale industries, communications, education, health, etc. The Central Government has indicated in broad outline the extent of the financial help the provinces might expect to receive, mainly on a population basis. The Department of Planning and Development of the Central Government, under the separate charge of a Member of the Viceroy's Executive Council, began to function from August 1944. The Second Report on the progress of reconstruction issued in November 1944 by the Reconstruction Committee of the Viceroy's Executive Council envisaged a fifteen-year programme of reconstruction in general, classified into three five-year periods. It also emphasised the principle of regionalisation, *e.g.*, in regard to hydro-electric development for which inter-provincial co-operation was essential, and dealt with questions of financial assistance, priorities, procurement of plant and machinery and capital goods and the formulation of a common policy on subjects of nation-wide importance. The ultimate objective of planning was recognised to be a simultaneous reorganisation and development of industry, agriculture and commerce, equitable distribution, and extension of social services. Essential central co-ordination is proposed to be provided through the establishment of bodies like the Central Technical Power Board, the Central Road Board and the proposed permanent Tariff Board. Over-concentration of industry in particular areas was to be avoided. For working out blue prints for industrial development industrial panels have been set up for individual industries, charged with the task of formulating targets for the first post-war five-year period and, wherever possible, for the entire fifteen-year period, and reporting on the scope and extent of development of the particular industries they deal with, on problems relating to their control and ownership, and on measures required for their promotion. A Rs.1,000 crore plan for the development of agriculture and animal husbandry prepared by the Special Committee of the Imperial Council of Agricultural Research aims at increasing the production of farm products by 50 per cent. in the next ten years, the highest increase aimed at being in milk. A seven year programme of railway reconstruction estimated to cost Rs.320 crores covers rehabilitation and

replacement of machinery, locomotives, wagons, etc., improvement in organisation and personnel and evolution of a new rate structure, and manufacture of locomotives and participation by the railways in road and air transport. The construction of 5,000 miles of new lines is projected in the programme, about half being expected to be laid down in the first seven years. A departmental memorandum on shipping outlines proposals for developing an Indian mercantile marine and securing an increased share of the coastal traffic and an adequate participation by India in the world's carrying trade. It is recognised by Government that in the task of post-war planning and reconstruction, limitations of personnel and capital equipment will be more of a handicap than finance.

II. PRICES AND TRADE

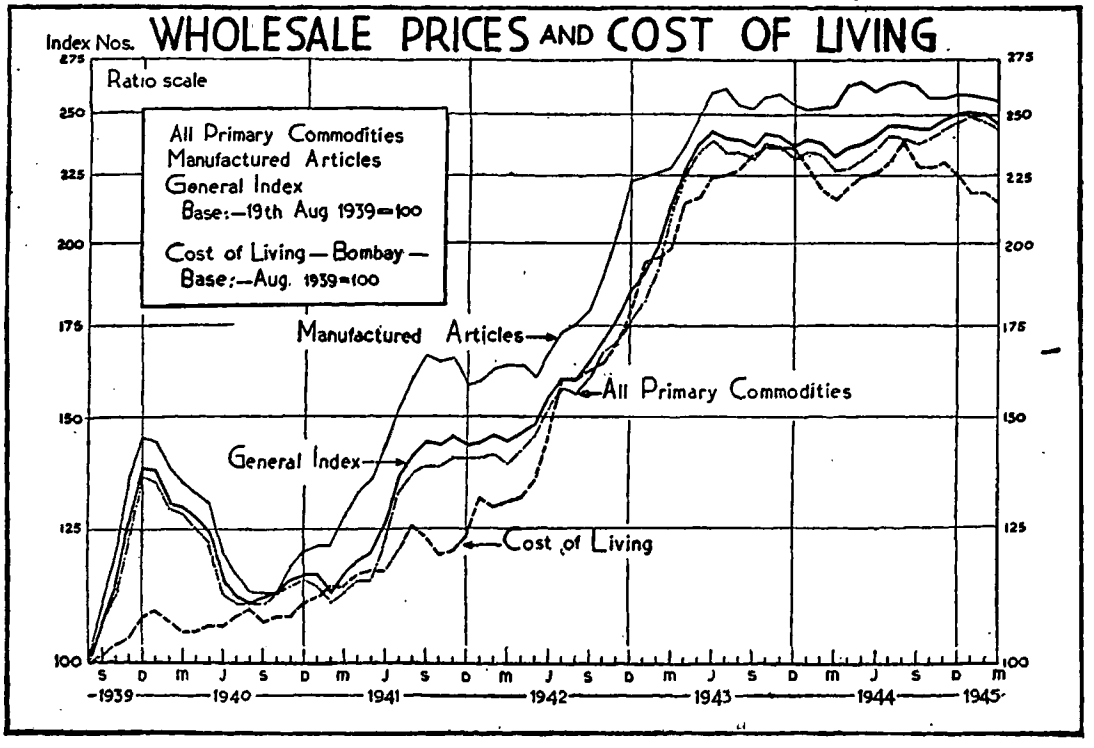
12. *Price Trends in India and certain other Countries.*—More and more inclusive price control programmes have come to replace earlier selective price controls in countries where price levels have been more or less stabilised, *e.g.*, Canada, the United Kingdom, the United States and Australia. Amongst the Allied Nations, Canada was the first formally to adopt an over-all system of price control early in 1942 followed by the institution of a general price ceiling in the United States in May 1942, though farm products were brought under the general control only at a later stage in that country. A rigid over-all ceiling was imposed in Australia in April 1943. In the United Kingdom, where control measures were introduced piecemeal after many prices had reached high levels, price control now approaches in effect a general price freeze. In Germany, where the first general price control was put into effect as early as 1936 the ceiling was rigidly held, the official wholesale price and the cost of living indices showing each a rise of about 10 per cent. between 1939 and 1944. These international comparisons require to be qualified, as official indices in most cases do not reflect the actual rise in prices during wartime, taking into consideration the commodities included, the price data collected and the methods of computation, over and above the exclusion of black market dealings. The United Kingdom cost of living index does not reflect the entire rise in retail prices of goods and services: it is estimated that the price of household furnishings, clothing, drugs, toiletries and other articles has risen from 75 to 100 per cent. over the pre-war level as against a 30 per cent. increase in the cost of living index. In the United States, according to a report submitted in November 1944 by a special committee appointed by the President, the cost of living index should be marked up by 3 to 4 per cent. to allow for the " hidden increases " in a seller's market.

Price movements during 1944 (*vide* Statement I) in the United States, the United Kingdom and Canada were narrow. The wholesale price index in the United Kingdom averaged 171 in 1944 as against 167 in 1943. There was a rise of 1 point in the wholesale price index of the United States to 136 and of 2 points in the cost of living index to 127. The Canadian wholesale price index averaged 140 as against 136 in 1943 while the cost of living index remained unchanged at 118. The relatively greater wartime increases on the whole in the price indices of the United Kingdom reflect the larger British war effort as compared with Canada and the United States: in Canada and the United States, national income in dollar terms has been more than doubled largely as a result of increased production with civilian consumption of goods and services above the pre-war level. On the other hand, in the United

Kingdom the rise in the production of war materials has been brought about by cutting deeply into the production of consumption goods and civilian supplies. In almost all the countries relatively greater stress has been laid on holding the cost of living, *e.g.*, through subsidies, than the wholesale price level as the changes in the former are linked up with movements in wage rates and affect more directly the prices and costs structure of a country.

In India, the measures adopted by the authorities in 1943-44 to check the upward spiral of prices were further extended during 1944-45. Reductions in officially fixed prices were effected in a number of commodities and the supply position was sought to be improved through increased imports. The Calcutta index number of wholesale prices after touching the peak of 353 in September 1943 gradually declined to 304 by March 1944, moving thereafter within a comparatively narrow range of 295 in May 1944 and 310 in March 1945; the average for 1944-45 stood lower at 303 compared with 321 in the previous year. The Economic Adviser's index number of wholesale prices, however, averaged 244·2 in 1944-45 as against 236·5 in 1943-44 (*vide* Statement II); the rise of 3 per cent. during the year compares with the increase of 38 per cent. and 25 per cent. respectively in 1943-44 and 1942-43. While the index generally maintained a rising tendency during the first ten months of the year under review a fall occurred from February 1945. From 234·6 in April 1944 the index rose to 250·3 in January 1945 and stood lower at 247·8 in March 1945 as against 232·1 in March 1944. Amongst primary commodities, though the average for Agricultural Commodities worked out lower at 265·4 compared with 268·7 in 1943-44, the index number rose from 247·8 in April 1944 to 275·3 in January 1945 and stood at 273·6 in March. According to a new index issued by the Office of the Economic Adviser since February 1944 (base: week ended the 26th August 1939=100), the wholesale price of food comprising eleven important articles moved within a range of 9 points between 228 in May and 237 in August 1944 and stood at 235 in March 1945. Raw materials which showed an average increase of 11 per cent. to 206 over the 1943-44 level moved between 199·4 in April 1944 and 211·6 in January 1945. The index number of Manufactured Articles tended downwards after reaching the highest level touched during the war at 262·5 in May 1944 and stood at 253·7 in March 1945 as against 252·3 in March 1944. The decline in Cotton Manufactures which set in in June 1943 continued during the year under review, the average index number falling from 422 in 1943-44 to 293 in 1944-45, thus receding to the level of 1942-43. The fall accompanied a lowering of the costs of production: the cost of stores to Indian cotton mills (January-March 1941=100) reached a peak of about 275 by the end of 1942 but fell thereafter to about 175; the cost of raw cotton reached a peak of about 250 in the first half of 1943 but has fallen since to about 150; the wage cost steadily rose to a peak of over 230 by the end of 1943 falling slightly to 220 by the middle of 1944. Jute Manufactures (*vide* Statement II), the maximum prices of which were fixed in April 1944, averaged 252 during 1944-45 as against 249 in the previous year. Cement prices after rising suddenly to 212 in April 1944 from 189 in March preceding remained at that level upto November and averaged 208 during the last four months of the year. The Bombay cost of living (*vide* Statement I) tended downwards after reaching a peak of 241 in August 1944 and stood at 217 in March 1945; it averaged 228 during 1944-45 compared with 229 in 1943-44 and 168 in 1942-43. While the food articles fluctuated between 259 in August 1944 and 228 in March 1945 generally with a falling tendency, clothing

after reaching the peak of 459 in March 1943 showed a steady decline to 295 in October 1944 and remained about that level thereafter; fuel and lighting which reached the record level of 300 in January 1944 also came down to 278 and 228 respectively in January and March 1945; in contrast to these, the miscellaneous group underwent a rise, the index ranging between 256 in May 1944 and 238 in February 1945 as against 237 in July 1943 and 227 in February 1944. The following graph depicts the wartime trends in the (1) Economic Adviser's Index Numbers of Wholesale Prices by groups of articles and (2) Bombay Cost of Living.



A White Paper embodying the report of the Parliamentary Select Committee on British expenditure in India, issued in May 1945, gives an outline of the basic allocation of defence costs as between the British and Indian Governments and refers to terms including prices of purchases in India of military requirements of the two Governments. According to the White Paper fair prices have on the whole been secured by the authorities for war stores and for food bought in India. Comparative figures in India and the United Kingdom for a wide range of stores including textiles, general stores and munitions indicate that Indian prices were seldom higher and were generally appreciably below the United Kingdom prices. The bulk of military orders both for India and the United Kingdom were negotiated at contract prices as against Indian commercial prices; these " war contract prices " particularly in the case of steel, which represented 50 per cent. of the Indian Supply Department's expenditure were appreciably below the British and United States prices. Prices in respect of cloth were also appreciably below market levels, the maximum rise in these being 100 per cent. during the first half of 1943 as against the record increase of over 400 per cent. for civilian supplies.

13. *Trends in International Trade.*—As mentioned in earlier reports, war severed the principal arteries of trade and led to new alignments canalising trade into blocs or groups more or less conditioned by military developments and the availability of trade routes. Moreover, the restriction of the civilian economy at the expense of war economic activity affected foreign trade even more than internal trade owing to the need to conserve foreign exchange and available tonnage for essential war uses. The exchange position was, however, eased by lend-lease and various mutual and reciprocal aid agreements, which ensured supplies, including essential civilian supplies, without international financial complications. Altogether, war has severely limited the scope of international division of labour and fostered greater self-sufficiency: in the United Kingdom production of food has increased by 70 per cent., and large new manufacturing industries have been set up in countries like Canada, Australia and South Africa, though the progress of industrialisation in backward areas has been handicapped by lack of machinery, materials and skilled manpower.

The table on page 24 gives recorded figures of exports and imports of merchandise during the war in respect of the United Kingdom, the United States, Canada, India, New Zealand and Australia.

The upward trend of the value of trade is particularly marked in respect of Canada and the United States, the shipments from the latter showing a phenomenal rise from $3·1 billion in 1938 to $14·2 billion in 1944. Making allowance for lend-lease shipments the United States had had, however, a negative balance of trade for some time resulting in an outward movement of gold particularly to the countries of South America. In many countries, rise in the value of foreign trade has been accounted for mainly by inflated prices; also the goods exchanged internationally contained large amounts of munitions. The value of exports from the United Kingdom in 1942 and 1943 showed declines of 42 per cent. and 51 per cent. respectively over 1938. Excluding munitions, the decline in the two years is of the order of 64 per cent. and 71 per cent. Export prices in the United Kingdom increased respectively by 20 per cent., 38 per cent., 57 per cent. and 71 per cent. in 1940, 1941, 1942 and 1943 over the 1938 level, the volume of exports including munitions showing a fall of 70 per cent. by 1943. In India, where the rise in export prices has been greater than in import prices, the quantum of exports declined by nearly 50 cent. while that of imports dropped to less than half.

Special arrangements for larger imports into countries like India, China and those of the Middle East have helped towards combating inflation. The Canadian budget for 1944-45 has a provision for the repeal of Schedule I to the War Exchange Conservation Act of 1940, which prohibited or restricted imports of several goods from non-sterling countries. Special assistance to export industries and export trade has been planned for the immediate post-war period in several countries. The Export Credit Insurance Corporation of Canada established in August 1944 seeks to provide assistance to Canadian exporters and to extend loans to Governments of importing countries. In the United Kingdom, under the revised lend-lease agreement of November 1944, restrictions have been relaxed with effect from January 1945 in respect of exports of a wide range of goods such as iron, steel and certain non-ferrous metals. Also according to an amendment of the Export Guarantees Act of 1939 the limits of guarantees against bad debts etc., to exporters are to be raised from £75 million to £200 million. In the United States,

TABLE 5.—MERCHANDISE EXPORTS FROM AND IMPORTS INTO EMPIRE COUNTRIES AND THE UNITED STATES DURING THE WAR.

(In Millions)

Country	1938	1939	1940	1941	1942	1943	1944	1945
UNITED KINGDOM £								
Imports (retained) (*a*)	858·0	839·5	1,126·1	1,132·4	1,194·9	1,864·6	....	....
Exports	470·8	439·5(*a*)	411·2(*a*)	365·4(*a*)	270·9	232·8	258·1	....
Excess of Imports	387·2	400·0	714·9	767·0	924·0	1,631·8	....	....
UNITED STATES $								
Imports (*b*)	1,960	2,318	2,625	3,345	2,742	3,372	3,911*	....
Exports (incl. re-exports)	3,094	3,177	4,021	5,147	8,035	12,714	14,240*	....
Excess of Exports	1,134	859	1,396	1,802	5,293	9,342	10,328*	....
CANADA $								
Imports (retained)	666	739	1,043	1,346	1,579	1,671	1,699	....
Exports	835	897	1,186	1,638	2,364	2,971	3,440	....
Excess of Exports	169	158	143	292	785	1,300	1,741	....
INDIA (*c*) Rs.								
Imports (*d*)	1,733	1,518	1,648	1,567	1,729	1,104	1,191	2,010
Exports (incl. re-exports)	1,892	1,692	2,136	1,987	2,529	1,950	2,100	2,271
Excess of Exports	159	174	488	420	800	846	909	261
NEW ZEALAND £NZ								
Imports (*e*)	55·4	49·4	49·0	49·2	53·7	95·1	86·7	....
Exports	58·4	58·0	73·7	67·5	81·3	71·8	77·7	....
Excess of Imports (—) / Exports (+)	+ 3·0	+ 8·7	+ 24·7	+ 18·3	+ 27·6	— 23·3	— 9·0	....
AUSTRALIA (*f*) £A								
Imports	140·0	124·4	145·0	136·2	187·1	265·7	187·3(*g*)	153·0(*g*)
Exports	141·7	121·5	149·7	135·0	159·3	123·1	93·5(*g*)	100·3(*g*)
Excess of Imports (—) / Exports (+)	+ 1·7	— 2·9	+ 4·7	— 1·2	— 27·8	—142·6	— 93·8(*g*)	—52·7(*g*)

(*a*) Including imports or exports by Government Departments of aircraft and other vehicles (except tyres and tubes for road vehicles) and arms, ammunition, and military and naval stores. (*b*) General imports, including merchandise entered for immediate consumption and that entered for storage in bonded warehouses. (*c*) Year ended 31st March. (*d*) Excluding value of railway materials imported direct by State Railways working under company management which are not paid for in the ordinary way. (*e*) Including defence materials and equipment, also lend-lease supplies. (*f*) Year ended 30th June. (*g*) Eight months: July to February. * Preliminary.

there is a proposal to raise the capital of the Export-Import Bank from $700 million to $3,500 million. A delegation of Indian businessmen visited Australia and New Zealand in February 1945 with a view to promoting trade with these countries, while another delegation has been to the United Kingdom and the United States to contact businessmen in these countries. According to a Chinese Government estimate, China will have to import 10 million tons of supplies for relief and rehabilitation purposes. This will be the largest single programme of relief to be undertaken by the UNRRA, which also estimates the needs of the European countries in the first six months following their liberation at 46 million tons of food, raw materials, seeds, fuel, machinery, medical supplies etc. A likely outcome of the post-war period may be the progressive reduction in export surpluses in countries such as India and those of South America and possible emergence of import deficits as during the last war.

The proposed international monetary institutions, the Fund and the Bank, seek to clear part of the monetary obstacles in the way of a balanced growth of multilateral international trade, while some progress is recorded towards the formulation of suitable commercial and commodity policies by the principal trading countries. The various mutual aid and lend-lease agreements concluded by the United States emphasise the need for non-discrimination in international trade; reduction in tariffs on imports *pari passu* with relaxation of discriminatory restrictions and preferences on trade abroad, has come to be an accepted principle with the United States authorities. A bill has been passed by the Congress empowering the President to reduce tariff rates by 50 per cent. below the level of January 1945 and extending for three years the Reciprocal Trade Agreements Act calculated " to place the United States squarely behind the principles of international co-operation." Mention may also be made of some of the financial and trade agreements concluded during the year *e.g.*, those between the United Kingdom and the countries of continental Europe such as France, Belgium and Sweden aiming at the stabilisation of exchanges and encouraging the reciprocal expansion of trade. On the other hand, the need for protection of the new industrial structures of the under-developed countries will involve some natural limitations of the scope of the general trend of commercial policy towards greater freedom, while the existence of large wartime debts to be settled through bilateral channels may prove a serious impediment to the growth of multilateral international trade. One of the most difficult problems will be the adjustment of domestic or national price levels in different countries, which have been subjected to varying degrees of inflation, and this will delay the removal of direct wartime restrictions on trade. In this respect countries where the wartime price increases have been moderate *e.g.*, Canada and the United Kingdom will have an advantage in competition over countries with relatively inflated price levels.

14. *India's Balance of Trade in Merchandise (Private).*—The value of the published returns of India's foreign sea-borne trade for drawing up a balance of payments statement for the country is impaired by the exclusion of the trade on Defence account, which partly involves financial payments as between Governments and by the inclusion in the trade returns of lend-lease imports and reciprocal lend-lease exports on non-defence account which do not result in money transfers. Movements in the recorded foreign sea-borne trade continued during the year under review to be governed by war conditions modified by the recent policy of the Central Government which aims at larger supplies of consumer goods and of

essential raw materials and machinery. The rising trend in imports which set in with November 1943 was reinforced during the year and values of monthly imports exceeded those in the corresponding months of 1943-44 and 1942-43; the total value of imports during the year was the largest since 1930-31. Liberalisation of the terms of import licences and increases in quotas of goods available from supply sources like the United States and the United Kingdom with the improvement in the shipping and exchange position contributed to the notable rise in imports. With a comparatively moderate rise in exports of 8 per cent. from 209·99 crores in 1943-44 to Rs.227·07 crores as against an increase in imports of 69 per cent. from Rs.119·05 crores to Rs.200·99 crores (*vide* Statement III), the balance of trade in merchandise declined sharply to Rs.26·08 crores from the highest wartime figure of Rs.90·94 crores in 1943-44 and earlier levels of Rs.84·61 crores in 1942-43 and Rs.80·02 crores in 1941-42. Imports in the first half of the year were Rs.93·74 crores as against Rs.52·17 crores during the corresponding period of 1943-44 and rose further to Rs.107·25 crores during the second half as compared with Rs.66·88 crores in the previous year. On the other hand exports during the first and second halves of 1944-45 were practically of the same order being Rs.114·35 crores and Rs.112·72 crores respectively, the corresponding figures for the previous year being Rs.96·48 crores and Rs.113·51 crores. The average monthly imports amounted to Rs.16·75 crores in 1944-45, Rs.9·92 crores in 1943-44 and Rs.9·20 crores in 1942-43, the corresponding figures for exports being Rs.18·92 crores, Rs.17·50 crores and Rs.16·23 crores. The total value of India's foreign trade on the basis of the published figures rose to a new wartime record of Rs.428·06 crores during the year as against Rs.329·04 crores in the previous year, Rs.305·32 crores in 1942-43 and Rs.425·74 crores in 1941-42. The trends noticed during the current year are likely, unless restrained, to continue following the authorities' efforts to stabilise India's economy and the institution in March 1945 of the Open General Licence for importation of several classes of consumer goods and arrangements for larger imports of consumer goods and essential raw materials; imports of consumer and capital goods into India are also likely to expand with the gradual conversion of a portion of the industrial capacity of the United Kingdom, the United States and Canada from wartime to peacetime requirements.

On the basis of available figures, an analysis of the foreign sea-borne trade of India as regards its direction and composition for the year ended December 1944 is given in paragraphs 15 to 17. The favourable balance of trade was further reduced to Rs.50·65 crores in 1944 as compared with Rs.86·17 crores in 1943 and Rs.101·40 crores in 1942 mainly as a result of a relatively larger increase in imports. While imports showed a substantial increase to Rs.180·88 crores in 1944 from Rs.110·74 crores in 1943, the rise in exports (including re-exports) was relatively small, the figures for 1944, 1943 and 1942 being Rs.231·53 crores, Rs.196·91 crores and Rs.214·93 crores respectively. Re-exports in 1944 stood at Rs.12·68 crores compared with Rs.10·60 crores in 1943 and Rs.9·18 crores in 1942.

15. *Direction of Trade (Excluding Re-exports).*—The table on page 27 shows the more important changes in the direction of India's trade and the balance of trade with important countries and groups for the three years 1942 to 1944 and compares them with the pre-war position in 1938.

During 1944, India's favourable trade balances were considerably reduced, particularly with countries outside the Empire. Amongst the Empire countries imports from the United Kingdom rose by Rs.14·11 crores from Rs.24·49

TABLE 6. DIRECTION OF INDIA'S SEA-BORNE TRADE.

(In lakhs of rupees)

	1938			1942			1943			1944		
	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)
I. *British Empire*												
1. United Kingdom	48,12	55,14	+ 7,02	33,86	63,29	+29,43	24,49	54,42	+29,93	38,60	65,66	+27,06
Percentage ..	*31·4*	*34·1*	..	*29·8*	*30·8*	..	*22·1*	*29·2*	..	*21·3*	*30·0*	..
2. Burma ..	22,73	10,13	— 12,60	6,06	65	— 5,41	11	..	— 11	12	..	— 12
3. Ceylon	1,09	5,06	+ 3,97	4,27	12,70	+ 8,43	3,70	15,31	+11,61	3,50	18,23	+14,73
4. Australia ..	2,04	2,95	+ 91	3,56	16,30	+12,74	4,70	14,28	+ 9,58	8,09	13,68	+ 5,59
5. Canada.. ..	70	2,04	+ 1,34	6,38	3,64	— 2,74	2,92	5,07	+ 2,15	3,02	5,65	+ 2,63
6. South Africa ..	27	1,41	+ 1,14	1,71	9,50	+ 7,79	2,87	10,35	+ 7,48	2,67	12,67	+10,00
7. Other countries.	12,93	8,48	— 4,45	13,84	24,46	+10,62	13,72	24,81	+11,09	17,92	25,01	+ 7,09
Total British Empire	87,88	85,21	— 2,67	69,68	1,30,54	+60,86	52,51	1,24,24	+71,73	73,92	1,40,90	+66,98
Percentage to Total Trade	*57·3*	*52·7*	..	*61.3*	*63.5*	..	*47·4*	*66·7*	..	*40·9*	*64·4*	..
II. *Foreign Countries*												
1. United States ..	11,41	13,43	+ 2,02	20,45	33,86	+ 13,41	17,70	32,82	+15,12	39,14	48,20	+ 9,06
Percentage ..	*7·4*	*8·3*	..	*18·0*	*16·5*	..	*16·0*	*17·6*	..	*21·6*	*22·0*	..
2. Japan	15,58	14,53	— 1,05	4	..	— 4	..	..	..	..	..	..
3. Egypt	2,60	1,31	— 1,29	3,86	5,27	+ 1,41	14,42	1,90	—12,52	13,59	4,35	— 9,24
4. Iran	3,41	66	— 2,75	14,51	4,23	— 10,28	22,50	1,38	—21,12	47,57	3,09	—44,48
5. Other Foreign Countries ..	32,54	46,55	+ 14,01	5,21	31,72	+ 26.51	3,71	25,98	+22,27	6,68	22,30	+15,62
Total Foreign Countries ..	65,54	76,48	+ 10,94	44,07	75,08	+ 31,01	58,33	62,08	+ 3,75	1,06,98	77,94	—29,04
Total Trade ..	**1,53,42**	**1,61,69**	**+ 8,27**	**1,13,75**	**2,05,62**	**+ 91,87**	**1,10,84**	**1,86,32**	**+ 75,48**	**1,80,90**	**2,18,84**	**+37,94**

crores in 1943 to Rs.38·60 crores in 1944 as against an increase of Rs.11·24 crores in exports of Indian merchandise, resulting in a decline of the favourable balance from Rs.29·93 crores to Rs.27·06 crores. Likewise, India's trade balance with Australia declined from Rs.9·58 crores to Rs.5·59 crores exclusively due to the increase in imports from that country, exports showing a slight decline. The wartime trend of increasing exports to Ceylon and South Africa was maintained resulting in a rise in the trade balance respectively to Rs.14·73 crores and Rs.10 crores as against Rs.11·61 crores and Rs.7·48 crores in 1943. While imports from Empire countries increased by 41 per cent. from Rs.52·51 crores in 1943 to Rs.73·92 crores in 1944 exports showed a smaller relative increase of 13 per cent. from Rs.124·24 crores to Rs.140·90 crores. During 1944 imports from and exports to Empire countries respectively accounted for 40·9 per cent. and 64·4 per cent. of the total as against 47·4 per cent. and 66·7 per cent. in the previous year, the corresponding figures for 1938 being 57·3 per cent. and 52·7 per cent.; the Empire's share of India's total trade stood at 54 per cent. as against 59 per cent. in 1943 and 55 per cent. in 1938.

While India's favourable balance of Rs.71·73 crores in respect of the Empire countries was slightly reduced to Rs.66·98 crores in 1944 India's export surplus of Rs.3·75 crores in respect of the non-empire or foreign countries was turned into an import balance of Rs.29·04 crores. Imports from foreign countries rose by 83 per cent. from Rs.58·33 crores in 1943 to Rs.106·98 crores in 1944 as against an increase of 26 per cent. in exports of Indian merchandise from Rs.62·08 crores to Rs.77·94 crores. Imports from the United States more than doubled, rising from Rs.17·70 crores in 1943 to Rs.39·14 crores in 1944, while exports went up from Rs.32·82 crores to Rs.48·20 crores, the favourable balance of trade declining from Rs.15·12 crores in 1943 to Rs.9·06 crores in 1944. The largest increase in imports from any country was in respect of Iran, the value of shipments from which rose from Rs.22·50 crores in 1943 to Rs.47·57 crores in 1944 as against an increase of Rs.1·71 crores in India's exports to that country from Rs.1·38 crores to Rs.3·09 crores thus further raising the import deficit to Rs.44·48 crores in 1944 compared with Rs.21·12 crores in 1943 and Rs.10·28 crores in 1942. In the case of Egypt, however, the negative balance of trade declined from Rs.12·52 crores to Rs.9·24 crores in 1944 mainly as a result of larger exports of Indian merchandise to that country.

Developments in trade during the war disclose some striking features in regard to its direction. Of the Empire countries, while the total value of India's trade with the United Kingdom in 1944 stood at about the same level as in 1938 (Rs.103 crores) that with Ceylon, Australia, South Africa and Canada showed a marked expansion during the period. The total value of trade between India and South Africa rose nine-fold from Rs.1·68 crores to Rs.15·34 crores while that between this country and Australia rose more than four-fold from Rs.4·99 crores to Rs.21·77 crores between 1938 and 1944. The growth in the trade with Ceylon has been equally shared between imports and exports, the total value rising from Rs.6·15 crores to Rs.21·73 crores. There has been more than a three-fold increase in the trade with Canada from Rs.2·74 crores to Rs.8·67 crores. Amongst the non-empire countries, noticeable increases have taken place in respect of the United States, Iran and Egypt; the total value of the trade with the United States rose more than three-fold from Rs.24·84 crores to Rs.87·34 crores, with Iran more than twelve-fold from Rs.4·07 crores to Rs.50·66 crores and with Egypt more than four-fold from Rs.3·91 crores to Rs.17·94 crores.

16. *Composition of Trade.*—The following table gives the composition of India's imports and exports (including re-exports) according to the main commodity groups during the years 1942 to 1944. Although the exclusion of trade on Government account detracts from the value of these figures, they serve as a comparative guide to the distribution of trade over the constituent categories during the period under review.

	1938		1942		1943		1944	
	Rs. crores	*Percentage*	Rs. crores	*Percentage*	Rs. crores	*Percentage*	Rs. crores	*Percentage*
				IMPORTS				
Food	20·70	*13·5*	10·89	*9·6*	7·00	*6·3*	16·21	*9·0*
Raw Materials ..	36·62	*23·9*	43·39	*38·2*	61·90	*55·8*	104·86	*58·0*
Manufactured Articles	93·61	*61·0*	57·82	*50·8*	40·53	*36·6*	57·64	*31·9*
				EXPORTS (Including re-exports)				
Food	39·65	*23·5*	50·49	*23·5*	43·90	*22·3*	51·99	*22·5*
Raw Materials ..	74·70	*44·3*	53·42	*24·9*	49·46	*25·1*	57·19	*24·7*
Manufactured Articles	51·34	*30·5*	107·74	*50·1*	101·39	*51·5*	119·33	*51·5*

The most pronounced increase in imports occurred under raw materials and food; the percentage share of raw materials to total imports being 58·0, 55·8 and 38·2 during the last three years. The proportion of manufactured goods to total imports showed a continuous decline from 61·0 per cent. in the pre-war year to 31·9 per cent. in 1944. As regards exports, the variation in their value during the last two years was more or less uniformly distributed over the three groups, their relative proportions remaining almost unaltered, after the initial rise in the importance of manufactured articles and decline in that of raw materials during the first three years of war.

17. *Imports and Exports.*—The table below shows changes in the value of important commodities entering into the foreign sea-borne trade of India during 1942-44 and compares them with the pre-war year 1938.

TABLE 7. INDIA'S IMPORTS AND EXPORTS OF CERTAIN COMMODITY GROUPS.

(In lakhs of rupees)

	1938	1942	1943	1944	Increase (+) or decrease (−) over 1943
		IMPORTS			
Grain, pulse and flour	10,83	2,72	1	6,93	+ 6,92
Oils—vegetable, mineral and animal	16,28	23,77	31,90	71,09	+ 39,19
Cotton, raw and waste	11,07	11,17	19,93	22,14	+ 2,21
Wool, raw	72	2,53	4,19	2,47	− 1,72
Chemicals, drugs and medicines	5,73	7,23	5,60	10,35	+ 4,75
Dyes and colours	3,79	5,92	7,30	7,94	+ 64
Machinery	19,81	11,54	10,23	14,83	+ 4,60
Cotton yarns and manufactures	14,61	2,06	1,09	1,52	+ 43
		EXPORTS (Including re-exports)			
Grain, pulse and flour	8,16	8,48	3,21	70	− 2,51
Tea	23,47	31,62	33,44	40,65	+ 7,21
Oils—vegetable, mineral and animal	1,08	1,73	76	1,24	+ 48
Seeds	15,94	10,38	10,26	11,25	+ 99
Cotton, raw and waste	23,93	7,74	6,29	9,01	+ 2,72
Jute	12,24	10,13	7,37	7,95	+ 58
Hides and skins, raw, tanned or dressed and leather ..	11,58	11,45	13,85	14,04	+ 19
Metals	3,56	2,02	1,65	3,47	+ 1,82
Cotton yarns and manufactures	8,03	49,67	42,91	40,80	− 2,11
Jute manufactures	26,18	42,20	44,43	60,59	+ 16,16

III. BULLION

18. *Production and Stocks of Gold.*—The main trends in the world production and distribution of gold noticed in 1943 continued during 1944. The production of gold which had been rising, particularly since 1934 partly as a result of the rise in its dollar value from $20·67 to $35 an ounce in February 1934, reached the peak of 41 million ounces in 1940 and stood at 40 million ounces in 1941 ; during the seven years 1934 to 1940, production had expanded by about 50 per cent. There has been a continuous decline in production during the three years ended 1944 owing mainly to the need to divert manpower and equipment from gold mines to the more pressing requirements of the war. The total world output as shown in the table below declined by 10 per cent. in 1942, 17 per cent. in 1943 and 7 per cent. in 1944.

TABLE 8. PRODUCTION OF GOLD.

(In thousands of ounces)

	1939	1940	1941	1942	1943	1944
I. British Empire ..	22,471	24,053	24,200	22,550	19,150	17,657
(a) Union of S. Africa ..	12,822	14,047	14,386	14,121	12,800	12,343
(b) Canada	5,094	5,311	5,345	4,841	3,650	2,943
(c) Australia	1,646	1,644	1,503	1,164	750	571
(d) New Zealand ..	179	186	186	180	150	(a)
(e) India	317	289	286	260	252	188
II. United States	4,621	4,863	4,832	3,619	1,350	1,000
III. All countries	39,038	40,810	40,100*	35,800*	29,600*	27,400*

* The production figures of the U.S.S.R. and certain enemy countries have not been available since 1940 and their production in subsequent years has been estimated on 1940 figures. (a) Not available.

As will be seen from the above table, production in 1944 was lower than the record output of 1940 by about 32 per cent., the largest decline occurring in the United States where the output fell to as low a level as 20 per cent. of 1940. Production in South Africa showed a relatively small decline of about 14 per cent. compared with the country's record output in 1941. The estimated production of gold in India in 1944 amounted to 187,918 ounces valued at Rs.3,54,12,357 as compared with 252,228 ounces of the value of Rs.5,08,45,266 in the previous year. The total production of gold in India during the ten years ended 1944 amounted to 2,905,000 ounces or one per cent. of the total world production (excluding U.S.S.R.) of 316,427,000 ounces during the same period.

The last three years have witnessed a redistribution of the monetary stocks of gold following a reversal of the earlier trend towards a continued inflow of the metal into the United States, particularly between 1934 and 1941. The stock of gold in the United States with the Federal Reserve Banks and the Government increased from $6·8 billion (at $35 an ounce) in January 1934 to $22·8 billion in October 1941 or by 235 per cent. After lend-lease went into operation in March 1941 the accounts of American exports were mainly settled by book entries ; the balance of the United States' international trade outside lend-lease became adverse in 1942 and considerable payments in gold were made to foreign countries including Latin America. Gold was also released to countries of the Middle East, China and India with a view to meeting the expenses of the United States forces stationed in these countries and assisting in countering inflationary tendencies there. Besides, certain foreign countries were allowed by the United States authorities to convert their dollar holdings into gold. As a consequence of these developments, stocks of gold

in the United States declined by $788 million to $21,938 million at the end of 1943 and by $1,319 million to $20,619 million at the end of 1944. It is estimated that of the gold losses in 1944, about two-thirds were accounted for by exports while the balance represented an increase in the earmarked gold in the United States. Earmarked gold held by the Federal Reserve Banks increased from $2,673·8 million at the end of 1942 to $3,477·4 million at the end of 1943 and to $3,937·2 million at the end of 1944. Unlike in previous years the entire output of newly mined gold in 1943 and 1944 was retained outside the United States, which during most of the pre-war years had absorbed considerable quantities of gold in addition to the current output. The table on page 32 gives an idea of the measure of re-distribution of the world's stocks of gold brought about by the war, and compares the position in 1944 with 1938, 1929 and 1913. Among the countries which have added to their stocks of gold are Switzerland, South Africa, the Latin American group, Egypt and Turkey. According to an estimate published in the November 1944 issue of the Federal Reserve Bulletin, world central gold reserves at the end of September 1944 totalled $35,210 million of which the United States held $20,825 million or about 59 per cent.

19. *Price of gold.*—The table below shows the highest, lowest and average prices of gold in Bombay for each of the seven years 1938-39 to 1944-45. The price of gold in New York has remained unchanged at $35 per fine ounce since February 1934 and in London has continued without alteration at 168*sh.* (with sovereigns at 39*sh.* 3*d.*) during the last five years.

Year	Spot			Settlement		
	Highest	Lowest	Average	Highest	Lowest	Average
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1938-39	37 10 6	34 12 3	35 10 3	37 10 6	34 12 0	36 4 3
1939-40	43 8 0	36 9 0	39 13 11	43 8 0	36 9 0	39 14 6
1940-41	48 8 0	40 2 6	42 6 0	48 8 0	40 2 6	42 8 3
1941-42	57 12 0	41 9 6	44 7 11	56 12 0	41 10 0	44 9 10
1942-43	72 0 0	44 12 0	57 10 10	71 15 0	45 0 0	56 14 5
1943-44	96 4 0	65 4 0	76 11 6	95 0 0	62 10 0	76 10 9
1944-45	76 12 0	61 2 0	71 7 4	77 12 0	59 8 0	71 2 4

The bullion market in India continued to be relatively free though segregated from the rest of the world. With a world shortage in the supplies of the precious metals resulting from reduced production and dislocation of communications, many of the so-called free markets have been dominated by speculators, *e.g.*, in Syria, China and to an extent in India.

Statement V shows the highest, lowest and average prices of gold, both spot and forward, and of sovereigns as well as the estimated average stocks of gold in the Bombay market for each month of the year under review; trends in the spot prices of gold and silver during the years 1926-27 to 1944-45 are shown in Statement IV; Statement VI shows the weekly movements of prices, spot as well as forward and stocks in the Bombay bullion market during the year of both gold and silver. The graph on page 33 shows the war-time trends in spot prices of gold and silver. During 1944-45, the main factors governing the technical position in the Bombay bullion market were more or less the same as in the previous year. A sustained demand by the public, owing

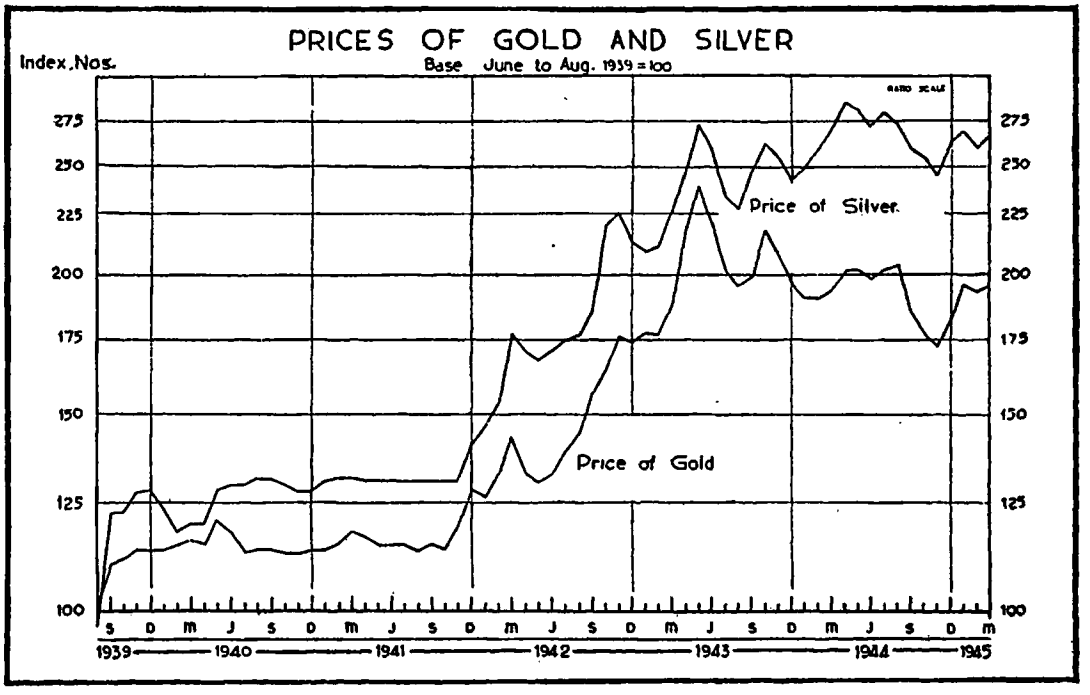
TABLE 9. MONETARY STOCKS OF GOLD IN CERTAIN COUNTRIES.

(Quantity in million ounces)
(Value in million dollars)

	1913		1929		1938		1942		1943		1944	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
United States	62·4	1,290	188·7	3,900	414·6	14,512	649.3	22,726	626.8	21,938	589·1	20,619
United Kingdom	8·0	165	34·3	710	76·9	2,690	..	1	..	1	..	1
France	32·8	679	79·0	1,633	69·4	2,430	57.1	2,000	57·1	2,000	50·8	1,777
Switzerland	1·6	33	5·6	115	20·0	701	23.5	824	27·5	964	30·1	1,052
India	6·0	124	6·2	128	7·8	274	7.8	274	7·8	274	7·8	274
South Africa	1·7	34	1·8	37	6·3	220	18.1	634	20·2	706	23·3	814
Argentine	12·4	256	21·0	434	12·3	431	18.8*	658*	26·8*	939*	11·7*	409*
Belgium	2·3	48	7·9	163	16·6	581	21.0	735	21·0	734	20·9	732
Brazil	4·3	90	7·3	150	0·9	32	3.3	115	7·3	254	(Jan.'45) 9·4	(Jan.'45) 329
Mexico	..	..	0·3	7	0·8	29	1.1	39	5·8	203	6·3	222
Netherlands	3·0	61	8·7	181	28·5	998	14.5	506	14·3	500	14·3	500
Rumania	1·4	29	2·7	55	3·8	133	6.9	241	9·0	316	(Oct.) 10·5	(Oct.) 369
Sweden	1·3	27	3·2	66	9·2	321	9.6	335	11·1	387	(June) 13.2	(June) 463
Turkey	..	..	..	..	0·8	30	3.3	114	4·6	161	6·3 (Nov.)	212 (Nov.)

* Includes in addition to gold of the Central Bank held at home, gold of the Central Bank held abroad and gold belonging to the Argentine Stabilization Fund.

to idle funds seeking investment in precious metals as a hedge against inflation and to the attraction of gold as a medium of storage for black market or other illicit earnings (for evasion of taxation or avoidance of detection), paucity of supplies and exploitation of the situation by speculators, were the usual wartime features which continued to characterise the market. The situation was relieved to an extent by continued official offerings of the metal and by the favourable progress of the war as a result of which the upward trend in prices noticed earlier in the year was checked. The undertone, however, continued to be markedly steady almost throughout the year and, following continued manipulations by bull interests, quotations tended to firm up during the closing months of the year.



The price of gold, ready, in Bombay attained its highest level during the year at Rs.76-12-0 on the 24th April 1944, after which the market displayed a weak tendency as a result of a shrinkage in the upcountry demand and continued offerings by the Bank which included sales of small five tola bars. The small bars were offered at the counter of the Bank's offices as well as in places such as Agra, Benares, Bangalore, Coimbatore, Patna, Poona, Vizianagram and Raipur. Prices tended to sag after the middle of May, and in June the quotation was marked down in sympathy with silver. During the subsequent two months, *i.e.*, in July and August a partial recovery was in evidence mainly owing to a renewal of demand in the face of shortage of stocks. The price for ready gold which had declined to Rs.72-1-0 on the 23rd June rose to Rs.75-12-0 on the 8th July and averaged Rs.75-4-11 for the month of August, being the highest monthly average for the year. A reaction set in thereafter as a result of heavy liquidation induced by the continued Allied successes and expectations of an early peace. The quotation touched Rs. 63 on the 21st September. The bearish trend continued in October and with the resumption of official sales on the 24th of that month, the quotation sank to Rs.61-2-0 on the 26th, being the lowest for the year. Following the lead of silver, a steady tone characterised

the movement in gold rates from the middle of November, and the trend remained generally upward in December, the quotation rising to Rs.76-5-0 on the 2nd January 1945. A reversal of trend followed and ready gold dropped to Rs.64-8-0 on the 30th of the month following renewed peace reports. A good demand for the metal developed, however, and a distinctly firm trend was in evidence in February accompanied by the cornering by bulls of a large part of the available market stock in spite of very encouraging war news, and the price touched the high level of Rs.75-4-0 by the 7th March, closing at Rs.72-5-0 on the 31st as compared with Rs.73-12-0 in the previous year.

The official offerings by tender continued to be made during the greater part of the year at rates varying from Rs.80 on the 7th April 1944 to Rs.61 on the 3rd November 1944. They were temporarily suspended on the 23rd May but were resumed on the 11th July and continued upto the 6th September 1944. Except on the 3rd October there were no sales till the 24th of that month after which the offerings were maintained for the rest of the year. Official sales of small bars which were made in February 1944 at various upcountry centres and on the 29th March at Bombay, continued upto the 5th May; no such offerings were made during the remainder of the year except on the 3rd August.

With a view to preventing possible smuggling of gold across the borders of Assam to China and Burma, the Government of Assam issued, under sub-rule (2) of Rule 81 of the Defence of India Rules, an order called the Assam Acquisition, Keeping and Disposal of Gold Order, 1945 under which no person can acquire, keep or dispose of gold in excess of five tolas (1-$\frac{7}{8}$ fine ounces) except under a licence issued by the Licensing Authority. The order which came into force on the 1st February 1945 applied in the first instance to the Lakhimpur District of the Province.

20. *Assaying and Refining of Gold.*—During the year under review, the Bombay and Calcutta mints received from the public, 343,801 tolas and 10,105 tolas respectively for melting and assaying as against 1,148,117 tolas and 51,916 tolas in 1943-44. The Bombay mint received 642,788 tolas of raw gold for refining as against 941,673 tolas in the previous year.

21. *Production and Stocks of Silver.*—The history of silver during the last decade bears a marked parallel to that of gold; the output and movements of the white metal were increasingly dominated by the acquisition programme under the United States Silver Purchase Act of 1934 according to which one-fourth of the total monetary value of gold and silver stocks was to be in silver. While the domestic production was purchased at a specially favourable price by the United States Treasury, the country's stocks of the metal progressively increased till they reached 3,343 million ounces in 1942. Between 1934 and 1940 China, usually a buyer, lost large quantities of silver to the United States estimated at about 1,200 million ounces; India which had always been a major consumer of the metal could import on an average only 20 million ounces per year under the stress of the World Trade Depression during the thirties as against 97 million ounces during the quinquennium ended 1930-31, while the Government of India had been a consistent seller since 1927. Wartime trends in the stocks of silver, particularly after America's entry into the war, have been very similar to those in respect of gold. The United States stocks of silver declined by 340 million ounces during the two years 1943 and 1944 at the end of which they stood at 3,003 million ounces. A considerable and widespread demand for silver for coinage has sprung up during the war, while direct

demands of the metal for use in war industries have been heavy. To meet these wartime contingencies the United States Treasury under the operation of the Green Act of July 1943 has lend-leased large amounts of silver to domestic industries and to foreign countries such as the United Kingdom, Australia and India. The metal sold to the United States war industry has been subject to the limiting factor that the amount of silver under the ownership and control of the Treasury within the United States should at no time fall below the face value of the outstanding silver certificates, which stood at $1,802 million at the end of 1944. The total releases of the United States Government have been placed at 255 million ounces during 1944 as against 91 million ounces in 1943. Of these, lend-lease and sales to industry accounted for 203 million ounces and 44 million ounces respectively during 1944, the corresponding figures for 1943 being 41 million ounces and 21 million ounces. The Green Act was renewed for a further period of one year on the 20th December 1944. During 1944 less than 200,000 ounces of the United States production were reported to have been acquired by the Treasury Department under the Domestic Silver Purchase Act of 1939, while the rest of the newly mined metal was bought by industry for limited civilian uses as permitted by the War Production Board.

The production of silver, which had declined during the years of Depression from 261 million ounces in 1929 to 164 million ounces in 1932 registered a steady increase thereafter upto 1940 when at 277 million ounces it rose above the level of 1929. During the war the output has been on a downward grade having been placed at 266 million ounces in 1941 ; 237 million ounces in 1942; 210 million ounces in 1943 ; and 191 million ounces in 1944. During the period 1941-1944 production in Mexico, the largest single producer fell by 20 per cent. to 63 million ounces, in the United States by about 50 per cent. to 35 million ounces and in Canada by 34 per cent. to 15 million ounces. Consumption in arts and industries in the United States attained a new record level in 1944 at 125 million ounces as against 120 million ounces (revised) in 1943. Of these 125 million ounces, war and other essential requirements amounted to approximately 65 per cent. The production of silver in India in 1944 is placed at 16,285 ounces valued at Rs. 47,902 as compared with 18,611 ounces valued at Rs. 58,528 in the preceding year.

22. *Price of Silver.*—In the table below are given the highest, lowest and average prices of silver in Bombay, London and New York during the seven years 1938-39 to 1944-45.

	Spot			Settlement		
	Highest	Lowest	Average	Highest	Lowest	Average
Year	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1938-39	53 1 6	48 2 0	51 11 3	52 15 6	48 2 0	50 14 8
1939-40	66 4 0	44 7 6	55 4 9	67 0 0	43 13 6	55 6 5
1940-41	64 13 0	54 10 0	62 8 0	65 2 0	54 13 0	62 0 5
1941-42	97 6 0	61 12 6	66 11 4	91 6 0	61 12 6	65 0 0
1942-43	116 8 0	75 4 0	94 2 6	112 14 0	72 4 0	90 4 6
1943-44	141 8 0	101 8 6	120 7 11	137 0 0	98 4 0	120 2 5
1944-45	143 4 0	113 10 0	128 10 9	141 4 0	111 12 0	127 2 7

Year	Highest d.	Lowest d.	Average d.	Highest Cents	Lowest Cents	Average Cents
1938-39	21⅛	18 9/16	19 9/16	42¾	42¾	42¾
1939-40	23⅛	16 1/16	20 13/16	42¾	34¾	37 1/16
1940-41	23½	20⅛	22 13/16	35⅝	34¾	34¾
1941-42	23½	23 5/16	23 7/16	35⅛	34¾	34⅞
1942-43	23½	23 7/16	23½	44¾	35⅛	40¾
1943-44	23½	23½	23½	44¾	44¾	44¾
1944-45 (Apr.-Dec.)	23½	23½	23½	44¾	44¾	44¾
(Jan.-Mar.)*	25½	25½	25½			

* Per fine ounce.

Statement VII shows the highest, lowest and average prices of silver in Bombay, London and New York and the stocks in Bombay for each month during 1944-45. The London silver market continued to be featureless except for a formal change in the basis of the price from 23½*d.* per standard ounce troy ·925 fine to 25½*d.* per fine ounce ·999 fine effective from the 2nd January 1945. Though the exact rise in the quotation demanded by the change would have been to 25·380*d.* the price was fixed to the nearest half penny at 25½*d.* The London market has been actually dealing in fine silver, while all lend-lease silver received from the United States of America is also ·999 fine. Apart from the need to bring the practice in the London market into conformity with international usage, a justification for the change has been the reduction under the Coinage Act of 1920 in the silver content of British coins which before that date were ·925 fine (*viz.*, standard). Substantial quantities of silver were imported on Government account under lend-lease from the United States, while the industrial consumption of silver placed between 14 million and 18 million ounces for 1944 was entirely restricted to war purposes. In the United States the Treasury's purchasing price for newly-mined domestic silver remained unchanged at 71·11 cents per fine ounce, at which rate silver is released under the Green Act. The price for foreign silver also remained unchanged at 45 cents per fine ounce with the New York official market price for such silver at 44¾ cents. Imports of foreign silver in 1944 showed a decline as compared with 1943.

Silver dominated the Bombay bullion market during the greater part of the year, mainly because it offered a comparatively larger scope for manœuvring by speculators as a result of the unsatisfied wartime demand for the metal. The rising trend in the ready price of silver noticed at the end of 1943-44 continued during the greater part of April 1944 and the quotation reached Rs.143-4-0 on the 24th, being the highest recorded. An easier feeling prevailed from the middle of May till about the end of June, the downward trend being intensified by reports of release to India of lend-lease silver by the United States and the Allied landing on the coast of Normandy. The market, however, continued to be manipulated by bull interests and owing to the scarcity of supplies, the price which had declined to Rs.126 on the 20th June firmed up to Rs. 139-8-0 by the 26th July. The carry-over or budla charges during this period registered a sharp increase from about Rs.1-4-0

to Rs.4. The tussle between the bears and the bulls which emerged as a marked feature of the year came to a head over the practice of permitting the carry-over of unfulfilled contracts and led to the institution of legal proceedings in August 1944 by some of the dealers and the closing of the market for settlement business for some time. The resumption of official sales on the 8th August (after they were closed on the 14th October 1942) coupled with the news of Allied victories in France, Belgium and in the Balkans had a restraining effect on bullish fervour. In the course of the downward trend that followed, ready silver dropped to Rs.113-10-0 on the 7th November 1944. The acuteness of the supply position coupled with the emergence of the usual seasonal demand, however, steadily forced up the quotation thereafter, despite official sales which were readily absorbed by speculative interests, to Rs.135 on the 22nd December. During January 1945 the market evinced an uncertain tone fluctuating erratically and towards the end the price sagged to Rs.119-7-0 on the 31st. Prices recovered soon after and touched Rs. 129-10-0 on the 22nd February and Rs.131-12-0 on the 5th March, closing for the year with Rs. 128-9-0 on the 31st as against Rs.134 in the previous year.

Official offerings of silver were made during the period 8th August to 18th September 1944 ; they were resumed on the 20th October and continued till the end of the year. The sales were made by tenders and the rate of accepted tenders varied between Rs.134-8-0 on the 25th August and Rs.113-4-0 on the 10th November.

23. *Assaying and Refining of Silver.*—The Calcutta mint received no silver for purposes of melting and assaying during the year as against 255,807 tolas in 1943-44. The receipts by the Bombay mint were lower at 378,021 tolas as compared with 1,407,968 tolas in 1943-44. The quantity of silver received for refining during 1944-45 at the Bombay mint declined to 4,310,278 tolas from 10,834,938 tolas in the previous year.

IV. FOREIGN EXCHANGE AND EXCHANGE CONTROL

24. *Purchases of Sterling and Remittances.*—Statement VIII shows the net purchases of sterling by the Reserve Bank month by month during 1944-45. With a fall in the favourable balance of trade resulting from an increase in imports during the year, the net purchases* of sterling by the Reserve Bank of India showed a decline to £91·8 million from the previous year's record figure of £105·3 million. The monthly net purchases during the first quarter of the year were on a moderate scale and averaged £6·8 million. The purchases during the first half of the year at £50·1 million were, however, larger than in the second half at £41·7 million, the highest monthly acquisition being £12·4 million in July 1944. Unlike those in preceding years the monthly net purchases in the last quarter of 1944-45 were smaller than in previous quarters owing to larger sales by the Bank and were the lowest in February 1945 at £3·6 million. The rate of purchase continued to be 1s. 6d. at which level it has remained unchanged since January 1940. The total net amount of sterling purchases by the Bank from the 1st September 1939 to the end of 1944-45 aggregated £483·9 million. During the year the Bank sold sterling amounting to £14,457,633 as compared with £3,312,683 in 1943-44.

* Purchases of sterling represent deliveries during the period under both ready and forward contracts.

Broadly, the net accretion of sterling assets during the war has resulted from (1) the favourable balance of payments on private account, and (2) the expenditure incurred in India on account of other Allied Governments and recoverable from the British Government; and the disposal of sterling assets is indicated by the amounts utilised for the repatriation of debt, the other sterling commitments of the Secretary of State and the additions to the sterling balances with the Reserve Bank, as in the following table.

TABLE 10. ACQUISITION AND DISPOSAL OF STERLING

(In crores of rupees).

Sources	Sept. 1939 to March 1940	1940-41	1941-42	1942-43	1943-44	1944-45	Sept. 1939 to March 1945
1. Sterling assets held by the Reserve Bank at end of the previous period	64	142	144	284	511	945	64
2. Sterling purchased by the Reserve Bank ..	86	76	98	122	140	122	644
3. Sterling payments by His Majesty's Government	16	43	201	310	365	357	1,292
Total amount of sterling available for disposal and disposed	**166**	**261**	**443**	**716**	**1,016**	**1,424**	**2,000**
DISPOSAL							
4. Sterling amounts utilised for repatriation schemes	22	89	110	160	16	14*	411
5. Other sterling commitments (derived figure) ..	2	28	49	45	55	47	226
6. Sterling holdings of the Reserve Bank at end of the period	142	144	284	511	945	1,363	1,363
7. Total Net Sterling Acquisitions since the beginning of war to the end of each period excluding the ordinary annual liability in respect of 'Other sterling commitments.' (2+3—5, progressive)	100	191	441	828	1,278	1,710	1,710

* Includes Rs. 13·53 crores being the amount paid on purchase of M. & S. M., S. I. and B. N. Railways.

Payments in sterling amounting to £267 million (Rs.356 crores) were received from His Majesty's Government during 1944-45 as against £274 million (Rs.365 crores) in 1943-44 and £233 million (Rs.311 crores) in 1942-43. The sales of gold on official account as a means of meeting a part of the Allied war expenditure in the country

restrained the rise in the accumulations of sterling with the Bank. It may be expected that with a diversion of some of the demands made on India to other sources of supply and an increase in compensatory imports, the rate of accrual would be further slowed down in future. The total sterling holdings of the Bank at the end of March 1945 stood at £1,022 million or Rs.1,363 crores as against £709 million or Rs.945 crores at the end of March 1944 and £48 million or Rs.64 crores at the end of August 1939. ' Other sterling commitments ' is a derived figure, being the total sterling receipts minus sterling holdings of the Bank and the sterling amounts utilised for repatriation schemes. The figure in recent years has comprised such items as transfers to the Secretary of State and the High Commissioner for India and Burma on account of home charges etc. and remittances to meet the cost of overseas purchases on Government account.

25. *Exchange.*—In the sterling exchange market banks' quotations to the public for ready T.T. remained unchanged throughout the year at 1*s*.5 31/32*d*. selling and 1*s*.6 1/32*d*. buying. Owing to the improvement in the air mail service between India and the United Kingdom, banks found it possible to reduce their buying rate for demand drafts from 1*s*.6 5/32*d*. to 1*s*.6 1/8*d*. in August 1944 and by a further one-thirty-second to 1*s*.6 3/32*d*. in February 1945. Corresponding reductions were also made in the buying rates for usance bills. A feature of the inter-bank market was the shortage of sterling for ready delivery which first became apparent about July and which increased to such an extent that by the end of the year it was difficult to find any sellers of ready sterling even at rates below 1*s*.5 63/64*d*. This shortage was not the result of the value of imports exceeding exports, although the former showed a greater proportionate increase than the latter compared with the previous year, but to the unbalanced position of the exchange market due to the public demand being almost entirely for ready sterling, while the main supply was for forward delivery. The reason for this was that it is now the general practice of importers not to fix their exchange until the actual time of payment arrives, probably owing to shipping uncertainties while shippers still continue the pre-war practice of selling their export bills to banks for forward delivery, as soon as they have made contracts for shipments with overseas buyers. As these shipping contracts were usually made at irregular intervals and for very large amounts, banks were forced to cover a considerable proportion of their purchases of export bills by forward sales to the Reserve Bank, and later found difficulty in meeting the steadily increasing demand for ready sterling to pay for imports. To relieve the position the Reserve Bank in October commenced selling limited amounts of sterling for ready delivery at 1*s*. 5 63/64*d*. to those banks, who were unable to meet the demands from their constituents. During the same period however the Reserve Bank was continuing to buy large amounts of sterling for forward delivery. There is little doubt that the position was aggravated by the higher return obtainable on treasury bills in London, which led to those banks which had surplus sterling preferring to retain it in London for the interest yield, rather than make sales to other banks less fortunately situated.

The London-New York cross rate remained unchanged during the year at \$4·02½ selling and \$4·03½ buying. In India, banks' rates for Telegraphic Transfers on New York were unaltered at Rs.332¼ selling and Rs.329½ buying. Owing to the improvement in mail communications banks found it possible to raise their demand buying rate from Rs.326½ to Rs.327 in November. A corresponding rise of ½ point was also made in their buying rates for usance bills.

26. *Developments in Exchange Control.*—There were no changes during the year in the existing system of exchange control. Sales of the currencies of countries outside the sterling area continued to be restricted while exports to these countries were only permitted provided the foreign currency proceeds were sold to authorised dealers in foreign exchange thus ensuring the full conservation and mobilisation of the country's foreign exchange resources. Although the system was unaltered, there were modifications in the policy adopted towards demands for foreign currencies and a more liberal allotment of foreign exchange was made for purposes which were considered, owing to recent developments, to be of high value and importance to the country.

Firstly, the Government of India under their import licensing system substantially increased the quotas for the import of consumer goods even from countries outside the sterling area, as a means of combating inflation and of meeting the extreme shortage arising from the severe restrictions on imports that had to be imposed during the previous four years. As this relaxation in the import licensing system was accompanied by an improvement in the shipping position, a far greater volume of goods arrived in India particularly from the United States during the year. This led to an increased expenditure of U.S. dollars and India's favourable balance of payments with the United States showed a sharp decrease in spite of a slight rise in the value of exports.

Secondly, the Government of India decided to allow greater facilities for journeys for business purposes to countries outside the sterling area. Previously such journeys had only been sanctioned in cases where the travellers could show that their presence in the foreign country was necessary in order to procure vital supplies for the direct furtherance of the war effort. These rigid conditions were relaxed and sanction is now given for the sale of foreign exchange for business journeys provided the applicant is able to satisfy Government that the results likely to accrue from the journey justify the expenditure of foreign exchange. These business journeys were mainly to the United States. Sanction for travel was usually given in cases where the object of the journey was the expansion of India's exports or for the purchase of special and essential supplies, and, in the case of holders of import licences for large amounts, to procure and expedite the shipment of goods. Sanction was also given in certain cases for visits to the United States to examine the possibility of obtaining machinery and plant for post-war development schemes. Prospective travellers had in all cases to apply to Commerce Department through the Reserve Bank and applications were examined with a view to ensuring that they were *bona fide*, that the journeys were necessary, and that the advantages claimed were substantial and likely to be realised. A large number of Indian businessmen took advantage of these concessions and proceeded to the United States during the course of the year both by air and sea.

There was also a large increase in the number of students proceeding to take courses, in American Universities. Applications from students were examined by the Educational Adviser to the Government of India and exchange facilities were granted where the Educational Adviser was satisfied firstly, that the student had acquired an educational standard that would enable him to take an advanced course in an American University with advantage, secondly, that a similar course was not available in India or the sterling area, thirdly, that the course was a useful one of practical value, and fourthly, that the student would return to India after the comple-

tion of his course, so that this country would obtain the benefit of his training. Travel facilities are also freely given to persons proceeding to the United States for special training in specific branches of industry or manufacture, provided they are able to show that they have made arrangements to receive instruction and the course they intend taking is likely to be of value to the country.

Permission continued to be refused for British subjects to travel outside the sterling area for reasons of personal convenience whether involving immediate or deferred disbursements of foreign exchange and journeys except by persons proceeding on official business, were only sanctioned for reasons of health, education and business, subject in all cases to examination to ensure that the applications were *bona fide* and complied with the conditions laid down by Government.

27. *Liberated Territories.*—During the year the successful military operations in Europe resulted in the liberation of several European countries and preliminary arrangements were made for the resumption of commercial and financial transactions with them when the relaxation of the vesting orders and the Trading with the Enemy Regulations made this possible. The position with regard to the various liberated territories at the end of the year was as follows :—

i) *Belgium.*—A Monetary Agreement between the British Government and the Belgian Government was signed on the 5th October 1944 under which Belgium, Luxembourg, the Belgian Congo and Ruanda-Urundi became a single currency area known as the " Belgian Monetary Area." As the enemy was still in occupation of Luxembourg and parts of Belgium the Agreement only came into immediate force in respect of transactions with the Belgian Congo and Ruanda-Urundi. These territories left the sterling area and became part of the Belgian Monetary Area. The Sterling accounts of residents in the Belgian Monetary Area were designated " Belgian Accounts." Transactions between residents in the sterling area and residents in the Belgian Monetary Area could be made either by payments through the medium of Belgian accounts or in any currency of the Belgian Monetary Area. The main features of the Agreement were that the exchange rate between sterling and the Belgian franc was fixed at 176·625 to the pound sterling and the British and Belgian Governments agreed to hold each others currencies to the extent of Belgian francs 883,125,000 and £5,000,000 sterling respectively ; the settlement of amounts outside these figures having to be made in gold. A further article provided for the revision of the terms of the Agreement in the event of a general international monetary agreement and in addition both Governments undertook to make Belgian sterling and sterling area francs available for payments outside the Belgian and sterling monetary areas. In accordance with the last provision merchants in the United Kingdom have now been allowed to finance trade between the Belgian Monetary Area and certain other countries in sterling. The agreement was to remain in force for three years.

On the 1st February 1945 the agreement came into operation in respect of financial transactions with Belgium, following the withdrawal of certain provisions of the United Kingdom Trading with the Enemy Act, so far as they applied to Belgium. The United Kingdom Vesting Order was relaxed so that the property of persons who had returned to Belgium after the 8th September 1944 no longer became payable to the Custodian of Enemy Property and monies becoming payable after the 1st February 1945 to persons who were resident in Belgium prior to the 8th September 1944 were also exempted from payment to the Custodian. This relaxation made

possible the resumption of financial transactions through normal banking channels between the sterling area and Belgium, although commercial transactions were still subject to special licence.

On the publication of the Monetary Agreement in October, the Reserve Bank of India issued a notification under the Defence of India Rule 92A(1) (i) excluding the Belgian Congo, and Ruanda-Urundi from the sterling area and on the 16th November 1944 the Central Government issued a notification including the Belgian Congo and Ruanda-Urundi in the list of countries to which exports were only allowed provided the foreign exchange proceeds were surrendered to an authorised dealer in foreign exchange.

Upto the end of March 1945, the Government of India had not issued any orders relaxing the provision of the Trading with the Enemy regulations in respect of Belgium or of the Vesting Order over Belgian assets, as had been done in the United Kingdom and consequently direct financial and commercial transactions between India and Belgium were not permissible. Arrangements have been made however for remittances on a limited scale to be made through banks in London for the support of close personal relatives and dependants of residents in India who are in Belgium.

ii) *France.*—Although the liberation of the greater part of France had taken place by the end of 1944, it was not found possible to complete a financial agreement between the British Government and the French Provisional Government until the 27th March 1945. The agreement was similar in form to that completed with Belgium and covered financial transactions between the sterling area and the French franc area consisting of Metropolitan France, the French Overseas Empire and Monaco. The sterling accounts of residents in this area became known as " French Accounts." Transactions between the sterling area and the French franc area could be made through the medium of French accounts or in any of the currencies of the French franc area. The agreement provided for the fixing of the sterling/franc rate at 200 francs to the pound sterling and for the British and French Governments to hold each others currencies to the extent of 20 milliard francs and £100 millions respectively.

On the publication of the agreement, the Trading with the Enemy regulations and the Vesting Order in the United Kingdom were relaxed so as to exempt from payment to the Custodian monies and properties of persons who had returned to France since the 25th August 1944 and monies becoming payable on and after the 28th March 1945 to persons who were resident in France prior to the 25th August 1944. This made possible the resumption of financial transactions with France through normal banking channels.

Although the Anglo-French Financial Agreement was not signed till the end of March 1945, arrangements were made at the beginning of December 1944, for remittances to be made to France from the sterling area through the medium of franc accounts opened by certain London banks under special licences from the British and French authorities. Remittances were limited to payments, on a specified scale for the support of close personal relatives of residents in the sterling area, for travelling expenses and for the upkeep of property. These facilities were also made available to residents in India.

The Anglo-French Financial Agreement is also intended to cover transactions between India and France, but no financial transactions beyond remittances for the purposes stated were immediately permissible, as the Trading with the Enemy regulations and the Vesting Order in India had not been relaxed. These Trading with the Enemy restrictions however only apply to dealings with Metropolitan France as financial and commercial transactions with the French Overseas Empire have been permissible since August 1943. The new financial agreement supersedes the financial agreement entered into between the British Government and the French Committee of National Liberation in February 1944.

iii) *Greece.*—No details of any monetary agreement between the British Government and the Government of Greece have been published but facilities were established in March 1945 for the making of remittances on a limited scale for the support of the close personal relatives in Greece of residents of the sterling area. These remittances have to be made through the medium of sterling accounts opened by the Bank of Greece with certain banks in London under special licence. These accounts are designated "Greek Accounts." The Trading with the Enemy restrictions in the United Kingdom in so far as they apply to Greece, are still fully operative. but the Vesting Order has been relaxed in respect of balances of British subjects resident on the mainland of Greece. In India, Greece has been declared as being no longer enemy territory which will enable financial and commercial transactions with that country to be resumed when the necessary banking facilities are re-established. In the meantime remittances for the support of relatives and dependants are being made through London.

iv) *Liberated Italy.*—The Trading with the Enemy regulations in the United Kingdom are still fully operative in so far as they apply to liberated Italy. Arrangements have been made, however, for the Bank of Italy to open sterling accounts with certain banks in London designated "Italian Accounts" and for remittances to be made to Italy through the medium of these accounts for the support of close personal relatives, similar to the arrangements for remittances to Greece. The accounts of British subjects resident in liberated Italy and the accounts of residents in the Vatican City have been freed from the operation of the Vesting Order and such accounts are designated as " Italian Accounts."

In India, the Trading with the Enemy regulations are still fully operative over transactions with Italy but permission has been granted for remittances for the support of close personal dependants on the same scale as in the United Kingdom and the Vesting Order has been relaxed in respect of assets of British subjects resident in liberated Italy where application for release is made to the Custodian of Enemy Property through British Consuls. The Vesting Order does not apply to the assets of residents in the Vatican City.

v) *Sweden.*—A new Monetary Agreement was completed on the 6th March 1945 between the Governments of the United Kingdom and Sweden in supersession of the previous payments agreement. The agreement was similar in form to the Anglo-Belgian and Anglo-French Agreements but wider in scope as each country agreed to hold each others currencies without limit during the period of the agreement which was for five years. The sterling accounts of residents in Sweden including Swedish Special accounts were designated "Swedish Accounts." Transactions

between the sterling area and Sweden could be made through the medium of these accounts or in Swedish kroner. The rate of exchange was unchanged at 16·9 kroner per £1 sterling.

vi) *French Establishments in India.*—The status of French India was not affected either by the financial agreement of February 1944 with the French Committee of National Liberation or by the new Anglo-French Financial Agreement. The accounts of residents in the French Establishments with banks in India were still treated as resident and no restrictions were placed on the export of money or remittances to French India. As the Customs Union between British and French India completed in February 1941 remained in force, licences for the import of goods into French India continued to be issued by Import Trade Controllers in British India and holders of such licences were permitted to buy foreign exchange from authorised dealers on the same terms and conditions as holders of licences covering the import of goods into British India.

vii) *Switzerland.*—With the liberation of France the encirclement of Switzerland by enemy countries came to an end, and it was consequently found possible to relax certain of the restrictions on financial transactions with that country. Since 1940, importers of Swiss goods had only been permitted to make payment to Switzerland on actual arrival of goods at a neutral port or in India. Banks were permitted during the year, to resume opening letters of credit in favour of Swiss exporters authorising payment against on-board bills of lading, and later, the ban on the despatch of drafts and cheques by post to Switzerland which had been imposed owing to the danger of the enemy acquiring foreign exchange by interception of mails was lifted. Unfortunately, owing to the breakdown in communications in France following the retreat of the Germans and the closing of the Balkan routes due to the spread of fighting to this area, great difficulty was experienced in exporting any goods from Switzerland to India either by parcel post or by sea.

viii) *Cyrenaica, Tripolitania, Ethiopia, Eritrea and Somalia.*—With the issue of notifications by the Government of India that the former Italian territories in Africa were no longer enemy it became possible to resume financial and commercial transactions with these countries although trading with Italian persons and concerns was still prohibited. A considerable volume of trade developed between India and Ethiopia particularly in textiles through Aden and Port Sudan.

28. *Methods of Export Finance.*—Three graphs are given on page 45 showing the different methods used to finance exports to countries outside the sterling area governed by the Export Control Regulations, on a percentage basis.

Graph I covers shipments to the United States and Graph II shipments to other countries. The proportion of trade financed by different methods remained unchanged from the previous year.

METHODS OF EXPORT FINANCE

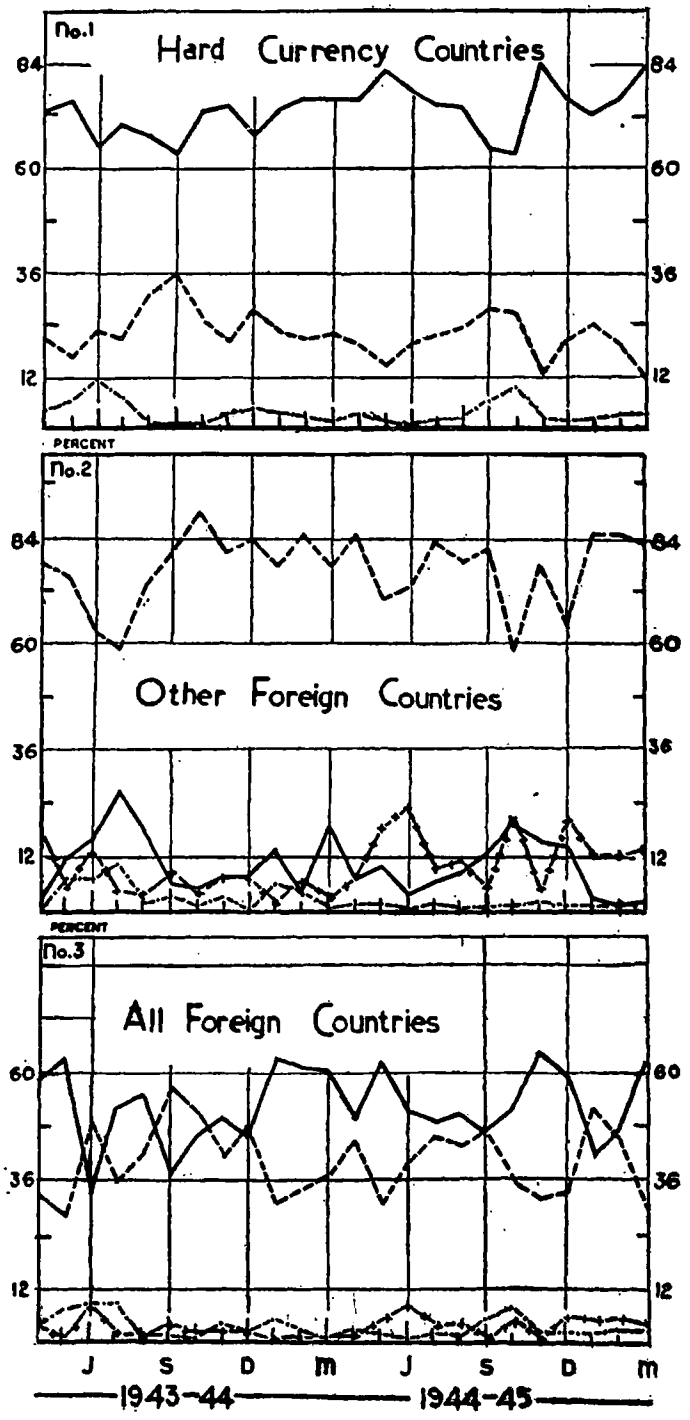
ON PERCENTAGE BASIS

1—1 BILLS DRAWN OR REMITTANCES RECEIVED IN CURRENCY OF COUNTRY OF DESTINATION

2--2 BILLS DRAWN OR REMITTANCES RECEIVED IN RUPEES

3--3 BILLS DRAWN IN STERLING ON LONDON

4+-+4 BILLS DRAWN IN STERLING ON THE COUNTRY OF DESTINATION



V. PUBLIC FINANCE

29. *General.*—The outstanding features and phases of war finance in India are brought out in the table on page 47 giving the figures for the period from 1938-39 to 1945-46 (budget) relating to the Central Government's budgetary position, the defence expenditure on Indian and Allied accounts, the Central Government's debt and the Provincial revenues, expenditure and debt.

The aggregate Governmental outlay on defence totalled at the end of 1944-45, Rs.2,741 crores, of which Government of India's share was Rs.1,347 crores or 49 per cent. As the percentage figures in the table indicate, the volume of expenditure on the Allied account has in the years since 1941-42 substantially exceeded or nearly equalled the total Indian defence expenditure on revenue and capital accounts. While the recoverable war expenditure has placed increasingly severe strain on the country's economy, the considerable Allied disbursements in the country have tended somewhat to relieve the Government of India's budgetary position by improving their receipts from taxation and borrowing. The table indicates that the war period is divisible into two distinct parts, preceding and following the Japanese entry into the war. During the first period, defence expenditure expanded at a comparatively moderate rate, though faster than revenue; during the second period, it increased rapidly and soon outstripped revenue. The percentage of revenue to expenditure on revenue account remained above 90 upto 1941-42, but fell to 61·2 in 1942-43 and to 57·0 in the following year, recovering, however, with the expansion of tax resources to 69·6 by 1944-45. The more significant ratio of revenue to total Governmental outlays dropped more sharply each year from 95·9 per cent. in 1939-40, to 64·4 per cent. in 1940-41 and 26·5 per cent. in 1942-43, recovering thereafter to 29·4 per cent. in 1943-44 and 35·3 per cent. in 1944-45. A comparison of the figures relating to the Central Government debt with the progressive deficit on revenue account and the defence capital expenditure suggests that borrowing by Government has tended to exceed the deficit on Indian account and to cover a part of the expenditure on Allied account. The budgetary deficits from 1940-41 to 1944-45 amounted to Rs.476·94 crores and the defence expenditure on capital account during the period to Rs.149·38 crores, making a total deficit of Rs.626·32 crores; against this, total rupee loans rose from Rs.437·87 crores in 1938-39 to Rs.1,190·98 crores in 1944-45 or by 753·11 crores, while the amount of small savings through the post-office also increased.

A. BUDGETS

CENTRAL GOVERNMENT:

30. *Finance Accounts*, 1943-44.—With the revenue at Rs.252·06 crores and the expenditure at Rs.441·84 crores as compared with the revised estimates of Rs.254·50 crores and Rs.346·93 crores, the accounts of the financial year 1943-44 showed an unexpected deficit of Rs.189·78 crores as against Rs.92·43 crores in the revised estimate. The heavy increase of Rs.97·35 crores in the actual deficit resulted from the larger defence expenditure on revenue account, which rose by Rs.95·76 crores from Rs.262·64 crores to Rs.358·40 crores, the capital portion of the expenditure declining slightly from Rs.38·30 crores to Rs.37·46 crores. The growing defence outlays during the year on revenue account were caused by unforeseen commitments arising out of the Japanese invasion of the country about the close of

TABLE 11. INDIA'S PUBLIC REVENUE, EXPENDITURE AND DEBT SINCE 1938-39.

	1938–39	1939–40	1940–41	1941–42	1942–43	1943–44	1944–45 (Revised)	Total 1939–40 to 1944–45	1945–46 (Budget)
I. CENTRAL GOVERNMENT BUDGET—									
(1) Revenue	84·52	94·57	107·65	134·57	176·88	252·06	356·88	1,122·61	362·34*
(2) Expenditure	85·15	94·57	114·18	147·26	289·05	441·84	512·65	1,599·55	517·63
(3) Surplus (+) or Deficit (—)	—0·63	..	—6·53	—12·69	—112·17	—189·78	—155·77	—476·94	—155·29
(4) Percentage of (1) to (2)	*99·3*	*100·0*	*94·3*	*91·4*	*61·2*	*57·0*	*69·6*	*70·2*	*70·0*
II. TOTAL GOVERNMENTAL OUTLAYS	85·15	98·57	167·18	341·26	667·04	857·17	1,011·59	3,142·81	1,024·19
Percentage of I (1) to II	*99·3*	*95·9*	*64·4*	*39·4*	*26·5*	*29·4*	*35·3*	*35·7*	*35·4*
A. ON INDIA'S ACCOUNT	85·15	94·57	114·18	147·26	341·56	479·30	572·06	1,748·93	535·39
(1) Civil Expenditure	38·97	45·03	40·57	43·33	74·43	83·44	115·42	402·22	123·40
(2) Defence Expenditure	46·18	49·54	73·61	103·93	267·13	395·86	456·64	1,346·71	411·99
(*a*) On Capital account	..	..	..	..	52·51	37·46	59·41	149·38	17·76
(*b*) On Revenue account	46·18	49·54	73·61	103·93	214·62	358·40	397·23	1,197·33	394·23
(i) Basic Normal Budget	38·07	36·77	36·77	36·77	36·77	36·77	36·77	220·62	36·77
(ii) Rise in Prices	..	1·19	2·57	4·39	7·97	14·44	16·92	47·48	19·76
(iii) War Measures (Net)	..	3·52	25·90	54·44	161·63	298·75	334·22	878·46	328·51
(iv) Non-effective charges (Net)	8·11	8·07	8·38	8·33	8·26	8·44	9·32	50·80	9·19
(3) Percentage of Defence Expenditure (revenue account) to Expenditure	*54·2*	*52·4*	*64·5*	*70·6*	*74·3*	*81·1*	*77·5*	*74·9*	*76·2*
B. RECOVERABLE WAR EXPENDITURE	..	4·00	53·00	194·00	325·48	377·87	439·53	1,393·88	488·80
Percentage of B to A (2)	..	*8·1*	*72·0*	*186·7*	*121·8*	*95·5*	*96·3*	*103·5*	*118·6*
¶ III. CENTRAL GOVERNMENT DEBT AT END OF YEAR—									
(1) Sterling Loans	464·94	439·10	341·11	206·93	50·56	34·70	34·10	—430·84†	34·04
(2) Rupee Loans	437·87	450·23	574·55	611·85	748·74	1,006·55	1,190·98	+753·11†	1,484·43
(3) Small Savings‡	141·45	135·35	108·79	95·56	92·77	118·47	157·25	+ 15·80†	205·75
(4) Treasury Bills and Ways and Means	46·30	54·70	84·90	136·98	264·70	110·61	86·61	+40·31†	86·61
(5) TOTAL INTEREST-BEARING OBLIGATIONS (INCLUDING UNFUNDED DEBT AND DEPOSITS)	1,205·76	1,203·86	1,247·67	1,209·21	1,353·13	1,532·47	1,819·02	+613·26†	2,180·57
IV. PROVINCES—									
(1) Revenue	84·74	90·83	97·48	107·41	124·31	163·31	200·78	784·12	188·17
(2) Expenditure	85·76	89·22	95·18	103·48	118·18	153·85	208·05	767·96	191·74
(3) Surplus (+) or Deficit (—)	—1·02	+1·61	+2·30	+3·93	+6·13	+9·46	—7·27	+16·16	—3·57
(4) Debt Position (Gross Total Debt)§	163·20	167·61	169·91	169·15	170·26	196·28	215·49†	+52·29	..

* Including new taxation.

¶ Items (1) and (5): Capital portion of Railway Annuities is excluded from 1942-43.

‡ Includes (1) Post Office Cash Certificates, (2) Savings Bank Deposits (3) Defence Savings Certificates since 1940-41, (4) Defence Savings Bank Deposits since 1941-42 and (5) National Savings Certificates since 1943-44. † Variation between 31st March 1939 and 1945. § Includes (1) Permanent debt, (2) Floating debt, (3) Unfunded debt and (4) Loans from Central Government.

the year and by heavy adjustments in the year's accounts on account of provision for equipment, etc., for the forces in India. The shortfall of Rs.2·44 crores in revenue was mainly the outcome of a deterioration of Rs.8·86 crores under Taxes on Income from Rs.138 crores to Rs.129·14 crores, offset by an increased contribution of Rs.5·37 crores from the Railways and larger receipts of Rs.1·77 crores under Excise.

Tax revenue retained by the Centre (*viz.*, excluding the provincial share of income tax and jute duty) expanded from the pre-war level of Rs.72·34 crores in 1938-39 to Rs.123·57 crores in 1942-43 or by 71 per cent. and to Rs.172·34 crores in 1943-44. Taxes on Income (including the provinces' share) increased between 1938-39 and 1943-44 by over six-fold from Rs.17·28 crores to Rs.129·14 crores. During the same period receipts from Customs declined from Rs.40·51 crores to Rs.26·20 crores, the decrease being more than counter-balanced by an increase of Rs.18·76 crores under Central Excise Duties. Receipts under Currency and Mint during the same period increased by more than sixteen-fold from Rs.58 lakhs to Rs.9·97 crores. Additions to the debt on account of budgetary deficits amounted to Rs.321·17 crores by the end of 1943-44 as against Rs.131·39 crores by the end of 1942-43.

31. *Revised Estimates*, 1944-45.—As in 1943-44, developments in the military situation on India's north-eastern frontier combined with improvements in the terms of service of all Arms and an increase in civil estimates mainly incidental to the war were the major factors responsible for an unexpected deficit of Rs.155·77 crores in the revised estimates for 1944-45 as against Rs.54·70 crores budgeted. The revised figures of receipts and expenditure on revenue account for 1944-45 were placed higher at Rs.356·88 crores and Rs.512·65 crores respectively as against Rs.308·28 crores and Rs.362·98 crores in the budget, the increase of Rs.48·60 crores in revenue being more than offset by a rise in expenditure of Rs.149·67 crores.

The total increase of Rs.149·67 crores in expenditure is mainly the result of increased defence outlay which, in the revised estimates, is placed considerably higher at Rs.397·23 crores as compared with Rs.276·61 crores in the budget estimates. This increase of Rs.120·62 crores in the defence expenditure on revenue account is almost wholly accounted for by a rise of Rs.118·63 crores under the category of India's War Measures. Defence expenditure on capital account registered an increase of Rs.34·81 crores from Rs.24·60 crores to Rs.59·41 crores, mainly as a result of demands for new airfields and the lump sum payment of Rs.20 crores under the Agreement relating to 'Non-effective Charges' with His Majesty's Government, referred to later. Total Governmental outlays on war are placed at Rs.896·17 crores, including Rs.439·53 crores recoverable from the British Government under the Financial Settlement of 1940. The revised defence estimates on revenue account provided for larger costs during the year on account of reciprocal aid to the United States. As a result of particularly heavy demands from the United States forces in India for goods and services, the value of such aid amounted to Rs.76·33 crores as against Rs.35·11 crores in 1943-44 and Rs.12 crores in 1942-43, the progressive total to the end of 1944-45 being estimated at Rs.124 crores; provision for Rs.70·34 crores towards the cost of such aid is made in the budget for 1945-46. As against these commitments, the value of total receipts by India under lend-lease arrangements to the end of 1944-45 is estimated at Rs.515 crores; the portion of the lend-lease aid for which India would have had to provide at her own expense (under

the Financial Settlement of 1940) is placed at Rs.150 crores. As explained by the Finance Member during the discussion of the budget for 1945-46, the principle adopted in allocating lend-lease aid (received in India, as between the U.K. and this country) was that the allocation went to the Government to which the financial benefit accrued. India thus incurred the obligations associated with lend-lease only in respect of supplies for which, but for lend-lease, she would have had to pay. The value of lend-lease aid to be received by India during 1945-46 on her own account is expected to approximate to the amount of reciprocal aid to be extended to the United States.

During the year, as a result of negotiations with His Majesty's Government an agreement was reached in regard to the allocation during the war of 'Non-effective Charges' in respect of pensions and gratuities paid to personnel of the defence services and to their dependants. This agreement provides for a lump sum payment on its termination of £15 million in respect of India's liability on 'Non-effective' account as on the 1st April 1939, and for an annual payment of £1·35 million from that date. The 'Non-effective' agreement is to be co-terminous with the main Financial Settlement of 1940, and a provision has been made for the negotiation of a fresh agreement thereafter. India has, however, made the lump payment of £15 million in advance on the 1st February 1945, and in consideration of this, the country's annual liability of £1·35 million has been reduced by £450,000 to £900,000 from that date.

Civil expenditure showed an increase of Rs.29·05 crores from Rs.86·37 crores to Rs.115·42 crores mainly as a result of (1) the grant by the Government of India of an *ex-gratia* subvention to the Government of Bengal of half of the direct cost of the famine, subject to a maximum of Rs.10 crores of which Rs.3 crores had already been adjusted in 1943-44; (2) provision of Rs.10·25 crores for paying compensation for damages resulting from the explosions in the Bombay Docks in April 1944 (the question of allocation of this expenditure between the Government of India and His Majesty's Government is under consideration); (3) increased expenditure resulting from the adoption of measures of stabilisation of prices; (4) increases in dearness and other allowances and (5) contribution of Rs.1·10 crores to UNRRA during the year out of India's total contribution of Rs.8 crores, the balance being provided for in the budget for 1945-46.

The improvement in revenue receipts is mainly accounted for by larger collections under Taxes on Income, higher receipts under Customs and continued rise in the receipts under Currency and Mint. Total collections under Taxes on Income (including provinces' share) rose by Rs.27·50 crores from Rs.182·50 crores to Rs.210 crores. This increase was entirely the result of larger collections under the Excess Profits Tax which expanded, following the speeding up of assessments, by Rs.32 crores from Rs.78 crores to Rs.110 crores, while ordinary collections under Corporation Tax and the Surcharge under Income Tax showed declines respectively of Rs.1·97 crores and Rs.3 crores. In assessing the anti-inflationary effect of the wartime increases in income taxation, it should be remembered that the budget figures do not include the various compulsory deposits under the Excess Profits Tax and Income Tax, and collections under the "Pay-as-you-earn" scheme, the last being placed approximately at Rs.60 crores for the year. The improvement under Customs of Rs.12 crores from Rs.28 crores to Rs.40 crores resulted mainly from the larger importation of consumer goods and railway plant and rolling stock,

the latter accounting for Rs.2·80 crores of the increase. As against this, there was a shortfall of Rs. 1·83 crores under Central Excise, the receipts from which declined from Rs.40·90 crores to Rs.39·07 crores mainly under tobacco. Another head to register a decline was Posts and Telegraphs, whose net revenue was placed at Rs.9·32 crores against Rs.11·31 crores in the Budget. The contribution by Railways to general revenues has been placed at Rs.32 crores (*vide* para 33) as against Rs.31·18 crores in the budget.

32. *Budget Estimates*, 1945-46.—With the defence expenditure on revenue account at about the same level as in the revised estimates for 1944-45, the budget estimates of revenue and expenditure for 1945-46 do not show any marked variations from the revised figures, being placed at Rs.353·74 crores (excluding new taxation) and Rs.517·63 crores respectively as against Rs.356·88 crores and Rs. 512·65 crores in the revised estimates. The prospective deficit of Rs.163·89 crores is proposed to be met to the extent of Rs.8·60 crores by additional direct and indirect taxation and the rest by borrowing.

Estimates of defence expenditure on revenue account amount to Rs.394·23 crores, and account for 76 per cent. of the total expenditure compared with 78 per cent. in the previous year. As compared with the revised estimates, the budget provision under India's war measures at Rs.328·51 crores shows a decline of Rs.5·71 crores, partly as a result of a decrease in the "ceiling" forces necessary for the defence of the country. Against this, there is an increase of Rs.2·84 crores under rise in prices due to the grant of increases in pay and allowances sanctioned in the previous year. The total defence expenditure including the capital portion is placed at Rs.411·99 crores against Rs.456·64 crores revised. The lower costs of defence in 1945-46 are mainly accounted for by a reduction under the capital portion from Rs.59·41 crores in 1944-45 to Rs.17·76 crores in 1945-46. Of the decrease of Rs.41·65 crores in the budget for 1945-46, Rs.20 crores is accounted for by the non-recurring lump sum payment under the Non-effective Agreement included in the revised estimates for 1944-45 (*vide* para 31), and the rest is mainly accounted for by the practical completion in 1944-45 of the programme of airfield construction. The particulars of defence capital expenditure since this head was first introduced in 1942-43 are shown below.

TABLE 12. COMPOSITION OF DEFENCE EXPENDITURE ON CAPITAL ACCOUNT.

(In crores of rupees)

	Actuals 1942-43	Actuals 1943-44	Revised Estimates 1944-45	Budget Estimates 1945-46
1. Air Force—Airfields	23·34	14·67	15·89	2·42
2. Capital Outlay on Industrial Expansion ..	5·71	3·32	3·34	1·55
3. Reciprocal Aid—Airfields	8·56	15·34	15·20	10·74
4. New Constructions for the Royal Indian Navy	3·38	0·52	1·00	0·50
5. Capital Outlay on Tele-communication scheme	0·08	3·61	3·98	2·55
6. Capital Outlay on Chatfield Modernisation Plan	11·44	..	..	..
7. Lump sum payment to H. M. Government under the "Non-effective" Agreement	..	..	20·00	..
Total ..	52·51	37·46	59·41	17·76

The civil expenditure at Rs.123·40 crores shows an increase of Rs.7·98 crores. This is principally due to a rise of Rs.11·34 crores from Rs.22·61 crores to Rs.33·95 crores under Interest. Interest on rupee loans shows an increase of Rs.9·15 crores over the revised and reflects the full year's effect of borrowings in 1944-45 while allowing for further net borrowings next year anticipated to amount to Rs.350 crores.

The variations in the important heads of revenue (including new taxation) are indicated below.

TABLE 13. IMPORTANT HEADS OF REVENUE OF THE GOVERNMENT OF INDIA.

(In crores of rupees)

Heads of Revenue	1938-39 Accounts	1943-44 Accounts	1944-45 Budget	1944-45 Revised	1945-46 Budget	Increase(+) Decrease(—) in 1945-46 over revised estimates for 1944-45
Customs	40·51	26·20	28·00	40·00	55·25	+15·25
Central Excise Duties	8·66	27·42	40·90	39·07	48·59	+ 9·52
Corporation Tax	2·04	51·45	81·61	106·11	89·67	—16·44
(Excess Profits Tax)	..	(39·86)	(65·00)	(91·50)	(75·50)	— (16·00)
Taxes on Income other than Corporation Tax*	15·24	77·69	100·89	103·89	100·83	— 3·06
(Excess Profits Tax)	..	(13·71)	(13·00)	(18·50)	(14·50)	—(4·00)
Currency and Mint	0·58	9·97	9·99	12·55	12·28	— 0·27
(Profits of the Reserve Bank)	(0·20)	(7·50)	(7·50)	(10·07)	(10·07)	..
Railways' Contribution	1·37	37·64	31·18	32·00	32·00	..
Posts and Telegraphs	0·19	9·03	11·31	9·32	11·85	+ 2·53
Total tax revenue*	76·35	193·22	262·45	300·58	305·79	+ 5·21
Percentage of Taxes on Income to total tax revenue	22·6	66·8	69·5	69·9	62·3	..

* Including provinces' share.

The lower estimates of collections under Taxes on Income in the budget are counterbalanced by improvement in the expected yield under Customs and Excise. Total receipts from Taxes on Income at Rs.190·50 crores are lower by Rs.19·50 crores; Customs are placed higher by Rs.15·25 crores and Central Excise Duties by Rs.9·52 crores, receipts from these in the budget estimates being placed respectively at Rs.55·25 crores and Rs.48·59 crores. The entire loss of Rs.19·50 crores under Taxes on Income has been on account of lower yield at Rs.90 crores under the Excess Profits Tax as a result of the operation of various control measures introduced to curb excessive profits. The higher estimates under Customs are based on the expectation of larger imports, and improvement in Excise is accounted for mainly by an increase of Rs.3 crores anticipated under tobacco. The contributions from Railways and Posts and Telegraphs are placed respectively at Rs.32 crores and Rs.11·85 crores.

The Indian Finance Act of the 31st March 1945 provides for the following new measures of taxation.

(1) an increase in surcharge on slabs of income above Rs.15,000 and on incomes taxable at the maximum rate, estimated to bring Rs.1·25 crores. (This represents the net yield out of a total estimated yield of Rs.4 crores after deduction of the estimated loss in revenue on account of the exemption from income-tax of one-tenth of earned income referred to later),

(2) an increase in the excise duty on the highest class of flue-cured tobacco and also an increase in the rate of duty on flue-cured tobacco intended for any purposes other than those specified in the excise tariff, estimated to yield Rs.3·6 crores,

(3) an increase in the standard rate of customs duty on unmanufactured tobacco and the rates for related items—cigars, cigarettes and manufactured tobacco, the estimated addition to revenue being Rs.2·4 crores, and

(4) an increase in the rate charged on postal parcels, in the surcharge on telephone rentals and that on trunk call fees, and in the surcharge on ordinary and express telegrams, with an expected return of Rs.1·35 crores.

It is proposed to continue the excess profits tax at the existing rate of 66⅔ per cent. together with the scheme of compulsory deposits, for a further year upto the 31st March, 1946.

A feature of the budget was the recognition of the practice prevailing in countries like the United Kingdom and the United States of differentiating, for income tax purposes, between earned and unearned incomes. The Finance Act provides for an exemption of one-tenth of earned income, subject to a maximum reduction in the amount of taxable income of Rs.2,000, and the Income Tax Act of 1922 has been amended accordingly. The exemption is only in respect of income tax and not super tax and is limited to income derived from personal exertion. Further measures of relief from income tax were also proposed to help re-equipment and rehabilitation of industry on the general lines of the provisions in the United Kingdom Finance Act of 1944 in respect of current expenditure on scientific research, and research expenditure of a capital nature over a maximum period of five years.

As regards reconstruction finance it was pointed out by the Finance Member in his Budget Speech that the first year or two at least after the termination of the war will be for the Centre years of heavy deficit on revenue account; post-war planning on the requisite scale would involve huge outlays, and the fullest development of taxation resources, both Central and Provincial, was the first pre-requisite of sound reconstruction finance. Some of the possible sources of additional revenue in the post-war period mentioned by the Finance Member are death duties, taxation of agricultural incomes by the provinces, development of the sales or turnover tax on a country-wide basis and increasing reliance on Central Excise as an instrument of commodity taxation, higher receipts under which will partly compensate a possible shortfall under Customs after the initial post-war years.

In the last year's Report a reference was made (*vide* para 11, p. 18) to an arrangement under which the British Government had agreed to set aside for purposes of India's post-war development from 1944-45 onwards each year a part of the United States dollars accruing from the excess of India's exports over imports from the United States. It has since been decided, on the basis of current figures and tendencies, to accept on this account an amount of $20 million for the calendar year 1944 and a similar amount for 1945.

33. *Railway Budget.*—The following table compares the budget estimates of State-owned Railways including worked lines, for 1945-46 with the budget and revised estimates for 1944-45 and the actuals for 1943-44 and the pre-war year 1938-39.

TABLE 14. REVENUE, EXPENDITURE AND RESERVES OF INDIAN RAILWAYS.

(In crores of rupees)

	1938-39	1943-44	1944-45		1945-46
			Budget	Revised	Budget
I. Receipts and Expenditure.					
Gross Traffic Receipts	99·62	1,85·43	1,82·00	2,14·30	2,20·00
Total working Expenses	69·18	1,08·84	1,14·28	1,47·49	1,59·87
a. Net Traffic Receipts	30·44	76·59	67·72	66·81	60·13
b. Net Miscellaneous Receipts	0·23	2·78	3·05	3·01	3·77
Net Revenue (a + b)	30·67	79·37	70·77	69·82	63·90
Interest charges	29·30	28·53	28·75	27·81	27·39
II. Surplus	**1·37**	**50·84**	**42·02**	**42·01**	**36·51**
Contributions to General Revenues	1·37	37·64	31·18	32·00	32·00
Contributions to Railway Reserve Fund ..	..	13·20	10·84	10·01	4·51
Total expenditure charged to capital ..	2·33	8·71	28·70	20·88	9·50
Total expenditure charged to Depreciation Fund	7·08	6·64	23·00	12·30	22·50
III. Capital at charge at the end of the year.	**7,55·26**	**7,80·73**	**8,08·04**	**7,89·59**	**7,99·09**
IV. Depreciation Reserve Fund	**19·61***	**82·07**	**87·93**	**92·30**	**98·09**
Net accretions during the year	5·48	10·23	—5·88	5·79	—5·38
Closing Balance	25·09*	92·30	82·05	98·09	92·71

The accounts for 1943-44 showed a record surplus of Rs.50·84 crores which was higher than the revised estimates by Rs.7·07 crores, due mainly to increased receipts during the last quarter of that year under passengers and parcels traffic. Out of the surplus, Rs.37·64 crores went to general revenues and Rs.13·20 crores was transferred to the Railway Reserve Fund, raising the balance in that Fund to Rs.22·55 crores.

The year's working during 1944-45 disclosed a further increase under both receipts and expenses. The rate of increase in coaching (mainly passenger) traffic earnings continued to be considerably higher than in goods earnings. As compared with 1943-44, the former showed, according to the revised estimates, a rise of 25 per cent. against 8 per cent in the latter, the percentage increases in them over the earnings of the pre-war year 1938-39 being 214 and 66 respectively. The revised estimates for 1944-45 placed total traffic receipts higher at Rs.214·30 crores as against Rs.182·00 crores in the budget, larger earnings from coaching traffic

* Includes Rs. 9 lakhs on account of loans to branch line companies and also Rs. 31 lakhs on account of investments in branch line shares. In 1942-43 these amounts were transferred to the Railway Reserve Fund Investment Account.

accounting for over 50 per cent. of the entire increase. Total working expenses (including depreciation and payments to worked lines) are placed at Rs.147·49 crores against Rs.114·28 crores in the budget estimates. The steep rise here is mainly the result of a special wartime arrangement under which a major portion of expenditure of a capital nature, which had hitherto been debited to 'Capital' and 'Depreciation Fund' accounts is to be debited from 1944-45 onwards to current revenues. Thus, out of a total estimated expenditure of Rs.94·75 crores in respect of wagons and locomotives in the years from 1943-44 to 1946-47, there will be a debit of Rs.61½ crores to working expenses; there will be another debit against current revenue of Rs.4½ crores on account of military sidings and other works. Of the total debit of Rs.66 crores to working expenses, Rs.24 crores will be in 1944-45, Rs.30 crores in 1945-46 and Rs.12 crores in 1946-47. To enable the Railways to finance this special liability and with due regard to the needs of both the general revenues and Railways, it has been decided to stabilise the Railways' contribution to the general revenues at Rs.32 crores in 1944-45 and in 1945-46, instead of dividing the surplus in the proportion of 3 : 1 in terms of the resolution passed by the Central Assembly in March 1943. The net surplus for 1944-45, after payment of interest charges, is estimated at Rs.42·01 crores of which general revenues will receive Rs.32 crores; the balance of Rs.10·01 crores (of which Rs.5 crores is earmarked for arrears of maintenance) is proposed to be carried to the Railway Reserve.

The budget estimates for 1945-46 place total traffic receipts and total working expenses at Rs.220 crores and Rs.159·87 crores respectively, as compared with Rs.214·30 crores and Rs.147·49 crores in the revised estimates for 1944-45. The net surplus after payment of interest charges is placed at Rs.36·51 crores of which Rs.32 crores will accrue to general revenues and the remaining Rs.4·51 crores to the Railway Reserve Fund which is estimated to amount to Rs.29·10 crores at the end of March 1946.

34. *Provincial Budgets.*—Statement IX shows receipts and expenditure on revenue account of the provinces for the years 1943-44, 1944-45 and 1945-46. The following table contains a comparison of the combined results for all provinces:—

(In lakhs of rupees)

	1938-39	1943-44	1944-45 Budget Estimates	1944-45 Revised Estimates	1945-46 Budget Estimates
Revenue	84,74	1,63,31	1,56,21	2,00,78	1,88,17
Expenditure	85,76	1,53,85	1,58,40	2,08,05	1,91,74
Total surpluses	62	13,04	6,50	4,56	5,26
Total deficits	1,64	3,58	8,69	11,83	8,83
Total net surpluses (+) or deficits (—) ..	—1,02	+9,46	—2,19	—7,27	—3,57

As the above table shows, revenue receipts for all provinces rose by 137 per cent. between 1938-39 and 1944-45 from Rs.84·74 crores to Rs.200·78 crores. Under conditions of wartime affluence resulting from higher prices and ampler taxable capacity, provincial budgets continued to show expansion in revenue and surpluses in most cases, with the notable exception of Bengal. The revised estimates for 1944-45 of revenue and expenditure were in all cases higher than under the budget

estimates, the increases being most marked in Bengal, Madras and Bombay. Receipts and expenditure under the revised were higher by Rs.13·68 crores and Rs.16·57 crores respectively in Bengal, by Rs.10·16 crores and Rs.10 crores in Madras and by Rs.7·22 crores and Rs.6·34 crores in Bombay. The continued rise in provincial revenues is accounted for by higher tax revenues resulting from enhancement of existing rates of taxes and new wartime levies, improved receipts under land revenue and a rise in the provincial share of the divisible pool of income tax under the Niemeyer Award. New taxation measures introduced during 1944-45 included a Sales Tax in Bihar and an Agricultural Income Tax in Bengal, while there have been enhancements in rates of registration fees and stamp duties in Bombay and excise duties in Bengal, the United Provinces and Madras. The Sales Tax was introduced in Madras in October 1939, in Bengal in July 1941, in the Punjab in October 1941 and in Bihar in October 1944. In Madras, the increased receipts under Excise from Rs.7·38 crores in the budget to Rs.12·87 crores in the revised estimates accounted for more than half of the rise in revenue. The commodity and consumption taxes have imparted a measure of resiliency to provincial revenues, the proportion of total provincial land revenue receipts, marked by comparative rigidity, to aggregate revenue declining from 31 per cent. in 1938-39 to 15 per cent. in 1944-45. Provincial expenditures have increased in part as a result of higher costs of administration and outlays in respect of dearness allowance, grow more food campaign and other stabilisation measures; the principal elements of the rise in provincial expenditure, however, have been the enhanced provisions for nation-building activities and the earmarking, particularly during the last two years, of large sums for post-war reconstruction.

Except in the case of Bengal, the budget estimates for 1945-46 more or less follow the revised estimates for 1944-45. In Bengal, revenue and expenditure are budgeted lower at Rs.28·79 crores and Rs.37·39 crores respectively as against Rs.35·66 crores and Rs.47·01 crores in the revised. The deficit of Rs.8·60 crores in Bengal for 1945-46 is to be ascribed largely to losses amounting to Rs.2·27 crores on subsidised sales and to heavy expenditure on relief measures. Allocations in the provincial budgets for 1945-46 for beneficent departments total Rs.43 crores against Rs.40 crores revised for 1944-45 and Rs.19 crores in the pre-war year, with a fall in Bengal to Rs.7·53 crores from Rs.8·69 crores. In Madras, the budget provides for the introduction of an Agricultural Income Tax on incomes over Rs.5,000, estimated to yield Rs. 50 lakhs. Bullion and specie which were included under the Madras General Sales Tax as amended on the 1st April 1944 have been exempted with effect from the 1st April 1945. The United Provinces budget proposes the imposition of a Sales Tax.

The total of the various types of provincial reconstruction funds is expected to aggregate more than Rs.60 crores at the end of March 1946, of which Rs.20 crores is provided for in the budgets for 1945-46, including Rs.10 crores in Madras, Rs.4·0 crores in Bombay and Rs.2·56 crores in the United Provinces.

35. *Subventions and Payments from the Centre.*—The table on page 56 shows the subventions and other payments made by the Central Government to the Provinces since 1937-38 in terms of the Government of India (Distribution of Revenues) Order of 1936 as amended in February 1940 and subsequently. The amended Order enabled the Centre to retain from the provincial moiety, for each of the three years beginning with 1939-40, a sum of Rs.4½ crores in addition to its own share of the

divisible pool of income tax. This arrangement was continued by amendments to the Order in April 1943 and each of the following years. Statement X shows fuller particulars of the payments in respect of each province.

(In crores of rupees)

	Income tax	Jute Duty	Subventions	Other grants-in-aid	Total
1937-38	1·25	2·65	3·12	....	7·02
1938-39	1·50	2·51	3·03	....	7·04
1939-40	2·79	2·56	3·03	....	8·38
1940-41	4·16	1·85	3·03	....	9·04
1941-42	7·39	1·95	3·03	....	12·37
1942-43	10·90	1·40	2·75	0·01	15·06
1943-44	19·50	1·38	2·75	3·00	26·63
1944-45 (Revised)	26·56	1·40	1·70	7·00	36·66
1945-46 (Budget)	23·29	1·40	1·70	....	26·39

The steep rise in the share of income tax accruing to the provinces since the outbreak of war continued during the year under review. The divisible pool of income tax and the share of the provinces estimated at Rs.56·38 crores and Rs.23·69 crores respectively in the budget for 1944-45 were higher at Rs.61·13 crores and Rs.26·56 crores (including Rs.49 lakhs on account of the previous year's arrears) in the revised estimates. Owing to an expected decline in income tax receipts (*vide* para 32), the divisible pool at Rs.57·07 crores in the budget for 1945-46 shows a decrease of Rs.4·06 crores over the revised receipts during 1944-45, and the upward trend in provincial income tax receipts appears to be arrested, these receipts being placed lower at Rs.24·04 crores as compared with Rs.26·56 crores, as detailed below.

TABLE 15. DIVISIBLE POOL OF TAXES ON INCOME AND DISTRIBUTION BETWEEN THE CENTRE AND THE PROVINCES.

(In lakhs of rupees)

	1944-45 Budget	1944-45 Revised	1945-46 Budget
Total taxes on income other than Corporation Tax, excluding Central Surcharge	62,39	68,39	64,33
Deduct-Portion attributable to taxes on federal emoluments and to Chief Commissioners' Provinces and miscellaneous receipts	5,36	6,87	6,83
Deduct share of cost of collection	65	39	43
Divisible Net proceeds of Income Tax	56,38	61,13	57,07
Deduct amount retained by the Central Government	32,69	35,06	33,03
Amount payable to provinces	23,69	26,07	24,04
Add previous year's arrears	....	49	....
	23,69	26,56	24,04

In view of the cost (part of which will be passed on to the provinces) of exemption from income tax in respect of earned income (*vide* para 32), the provinces are expected to receive actually Rs.23·29 crores instead of the amount budgeted.

The share of the jute export duty assigned to the jute producing provinces remains unchanged at Rs.1·40 crores in the budget estimates for 1945-46 as in the revised estimates for 1944-45. The grants of Rs.3 crores in 1943-44 and Rs.7 crores in 1944-45 represent the *ex-gratia* subvention to Bengal to enable the province to meet the heavy expenditure on famine relief.

B. PUBLIC DEBT

36. *General.*—The outstanding features of the public debt of India brought out by the table at the beginning of this chapter are a 51 per cent. increase in the total interest bearing obligations of the Government of India (including unfunded debt and deposits); a steady rise upto 1942-43 in the amount of terminable and non-terminable loans, partly issued in connection with the repatriation of sterling loans, followed by a markedly quicker increase in the subscriptions during the last two years; a very considerable increase upto 1942-43 in the volume of floating debt represented by treasury bills outstanding to about six times their pre-war amount, largely issued on account of the repatriation of sterling debt, and a heavy decline in that volume during the last two years *pari passu* with the large increase in the volume of funded debt; a decline upto 1942-43 in the amount of small savings in Post Office savings bank deposits, cash andsavings certificates, etc., followed by a relatively rapid recovery during the last two years (primarily owing to the introduction of national savings certificates). The practical elimination of sterling loans, which before the war actually exceeded the volume of rupee loans, is also indicated in the above table.

(a) Government Balances and Short-term Borrowing.

Central Government:

37. *Balances.*—Statement XI shows the balances of the Central and Provincial Governments separately with the Reserve Bank of India and at Government Treasuries at the end of each month during 1944-45. The marked rise in the Central Government's balances during the year under review reflects the increased extent to which the expenditure on Allied account is covered by the proceeds of local borrowing. It also results from the advance payments of income tax, the deposits in respect of the excess profits tax and of some imported commodities on Government account against debits in sterling and the proceeds of sale of lend-lease silver. The trend towards a rise in the average level of month-end balances maintained by Government noticed during 1943-44 became considerably pronounced in 1944-45, when the balances throughout stood at a far higher level than during the corresponding months of the previous year and maintained a consistently upward trend during most of the year. The amount of balances increased from the previous year-end level of Rs.83·49 crores to Rs.108·37 crores at the end of July, Rs.184·80 crores at the end of September, and Rs.250·83 crores at the end of December, closing with a record position of Rs.268·79 crores on the 31st March 1945. The average of monthly balances during the year was Rs.173·69 crores being nearly six times the average for 1943-44 at Rs.30·25 crores. The highest, lowest and average month-end

balances of the Central Government for the last six years together with the closing balances are shown in the table below :—

(In lakhs of rupees)

	Highest	Lowest	Average	Year-end
1939–40	15,65 (March)	5,03 (July)	8,29	15,65
1940–41	23,08 (February)	3,97 (April)	10,19	13,57
1941–42	58,68 (February)	5,49 (June)	15,77	15,15
1942–43	25,88 (February)	1,57 (August)	12,10	17,41
1943–44	83,49 (March)	8,39 (June)	30,25	83,49
1944–45	270,54 (January)	56,27 (May)	173,69	268,79

38. *Treasury Bills.*—Details of the transactions in Central Government treasury bills since 1918 are given in Statement XII. Particulars of the weekly and monthly transactions in these bills during 1944-45 are given respectively in Statements XIII and XIV. The main trends in treasury bill finance noticed during 1943-44 were projected into the year under review as shown by the continued reduction in outstandings, comparatively larger response to tenders and further easing of the rate offered on these bills. From Rs.282·29 crores on the 19th March 1943, the total outstanding treasury bills declined by Rs.171·68 crores to Rs.110·61 crores at the end of 1943-44 and further by Rs.23·90 crores to Rs.86·71 crores at the close of 1944-45 ; the amount of treasury bills outstanding with the public at the close of 1944-45 stood at Rs.36·83 crores compared with Rs.76·07 crores at the end of 1943-44 and Rs.123·98 crores at the end of 1942-43. The total sales by tender during 1944-45 of Central Government treasury bills to the public (there being no sales of intermediates) stood at Rs.229·28 crores as against Rs.396·19 crores (including Rs.36·48 crores by intermediates) in 1943-44. The amount offered weekly for tender by the Bank averaged lower at Rs.4·85 crores per week during the year compared with Rs.7·25 crores during 1943-44, while the ratio of applications to amounts offered worked out higher at 219 per cent. during 1944-45 as compared with 164 per cent. in the previous year. The weekly offer which was successively reduced from Rs.8 crores to Rs.6 crores on the 29th February 1944, and to Rs.4 crores on the 22nd March was further lowered to Rs.2 crores on the 11th April. It was raised to Rs.4 crores on the 2nd May and to Rs.6 crores on the 30th at which level it was maintained till about the end of January 1945, except for a period of six weeks from the 4th July to the 8th August when it was lower at Rs.4 crores. The offer was reduced to Rs.4 crores on the 30th January followed by a further reduction to Rs.2 crores in the next week ; it was raised to Rs.4 crores on the 6th March at which it remained till the end of the year. A greater advantage was taken during the year under review of the option given in July 1942 to subscribers to tender in lieu of payment in cash against allotment such treasury bills in their

possession as matured between the day on which the tender result was published and the day preceding the next publication; the amount of maturing treasury bills so offered in 1944-45 aggregated higher at Rs.20·80 crores as against Rs.16·50 crores in 1943-44 and Rs.8·31 crores in 1942-43.

The amount of Central Government treasury bills sold in favour of the Issue Department of the Reserve Bank of India during the year aggregated Rs.144·81 crores compared with Rs.275·73 crores in 1943-44. The requirements of the provinces in regard to the investment of their surplus funds in Central Government treasury bills continued to be met from the holdings of the Issue Department, the amount thus sold being replaced by purchases from the Central Government at tap. Similar facilities were also extended to the Government of Burma, Custodian of Enemy Property and the Board of Commissioners of Currency, Ceylon. All the provinces except Assam and Bengal invested in the Central Government treasury bills and the total of their investments which remained at about the same level as in 1943-44, amounted to Rs. 89·28 crores during the year, the shares of the Punjab, Bombay and Sind being respectively Rs.21·80 crores, Rs.20·20 crores and Rs.17·95 crores. The provinces held at the end of the year bills of the value of Rs.44·19 crores as against Rs.28·86 crores at the end of 1943-44.

Easier money conditions than during 1943-44 characterised the year under review with larger amounts of floating funds seeking investment. Applications aggregated Rs.551·49 crores in 1944-45 as against an offer of Rs.252 crores, the corresponding figures for the previous year being Rs.628·59 crores and Rs.384 crores. Except in the first two weeks of April 1944 and again in the four weeks of January 1945 when the bidding at the weekly auction fell short of the amount offered, the applications remained markedly above the tender limits. The particularly low level of sales during the last week of December 1944 and three weeks of January 1945 is partly accounted for by the rejection by the Bank of the greater part of tenders which it regarded as unduly low, with a view to preventing a temporary rise in the treasury bill rate. For example, on the 28th December, out of applications of Rs.8·58 crores as against an offer of Rs.6 crores, bills of the face value of Rs.44·50 lakhs were sold, tenders below Rs.99-13-9 being rejected. Similarly on the 9th and 16th January 1945, when applications at Rs.1·39 crores and Rs.3·28 crores repectively fell short of the weekly offer of Rs.6 crores, tenders below Rs. 99-13-9 were rejected and bills worth Rs.91·75 lakhs and Rs.141 lakhs only were sold.

The weekly average rate of discount of accepted tenders was lower throughout the year than in 1943-44 and worked out at the record low figure of Rs.0-7-10 for the year as against Rs.0-14-5 per cent. per annum for the previous year. The spread between the highest and lowest rates during the year further narrowed down to Rs.0-8-0 from Rs.0-9-5 in 1943-44 and Rs.0-14-6 in 1942-43. The accepted tender rate rose from Rs.0-12-9 per cent. at the end of 1943-44 to Rs.0-13-0 on the 14th April, the highest for the year. With the advent of the slack season the rate steadily declined, falling to Rs.0-5-11 on the 2nd June. It moved up to Rs.0-8-4 on the 23rd June and fluctuated around Rs.0-7-10 upto the middle of December. With the commencement of the busy season, the rate rose to Rs.0-9-0 on the 19th January 1945. It remained at this level till the 9th February after which a declining trend set in and the rate slumped to Rs.0-5-0 on the 23rd March, the lowest on record remaining at this level at the close of the year. The following table gives

comparative treasury bill rates for the seven years ended 1944 in India and certain other empire countries.

TABLE 16. TREASURY BILL RATES IN THE EMPIRE COUNTRIES.

(per cent. per annum)

	United Kingdom	Canada	Australia	South Africa*	India
1938 Average	0·61	0·59	1·75	0·75	1·30
1939 „	1·19	0·71	1·75	0·75	2·01
1940 „	1·03	0·70	1·58	0·75	1·21
1941 „	1·01	0·58	1·50	0·75	0·74
1942 „	1·00	0·54	1·50	0·75	0·86
1943 „	1·00	0·48	1·46	0·75	0·96
1944 „	1·00	0·39	1·25	0·75	0·57

* Six months bills.

39. *Yield on Treasury Bills.*—The following table shows the average true yield per cent. per annum on Central Government Treasury Bills sold to the public during each month of 1944-45 and 1943-44.

TABLE 17. AVERAGE YIELD (MONTHLY) ON CENTRAL GOVT. TREASURY BILLS.

Month.	1944-45		1943-44	
	Sales. (000s omitted)	*Average yield.*	Sales. (000s omitted)	*Average yield.*
April	5,93,25	*0·79*	40,08,25	*1·10*
May	16,00,00	*0·54*	43,74,50	*1·06*
June	30,00,00	*0·45*	47,10,50	*1·04*
July	16,00,00	*0·49*	35,19,25	*1·01*
August	20,00,00	*0·49*	32,00,00	*0·93*
September	30,00,00	*0·49*	39,96,50	*0·85*
October	24,00,00	*0·50*	32,03,50	*0·76*
November	24,00,00	*0·51*	26,00,00	*0·85*
December	26,53,25	*0·51*	24,00,00	*0·75*
January	8,94,25	*0·56*	28,00,00	*0·58*
February	9,87,00	*0·51*	24,89,50	*0·75*
March	18,00,00	*0·32*	23,16,75	*0·81*
Total ..	**229,27,75**	***0-49***	**396,18,75**	***0-90***

The total realisations in respect of treasury bills during the year amounted to Rs.229 crores as against the aggregate face value of sales of bills of Rs.229·28 crores, the corresponding figures for the previous year being Rs.395·30 crores and Rs.396·19 crores. The monthly yield, which was markedly lower throughout the year than in the previous year, averaged 0·49 per cent. as against 0·90 per cent. in 1943-44. It fell from 0·79 per cent. in April, the highest for the year, to 0·54 per cent. in May and further to 0·45 per cent. in June. During the following eight months, the yield moved within a comparatively narrow range of 0·49 and 0·56 per cent. and declined sharply to 0·32 per cent. the lowest on record, in the closing month of the year.

40. *Ways and Means Advances.*—With the great improvement in the Government's ways and means position as reflected in the high level of their balances, they had no need to approach the Bank for temporary advances during the year under review; the total amount of such borrowings from the Bank had been Rs.31 crores in 1943-44 as against Rs.162 crores in 1942-43.

PROVINCIAL GOVERNMENTS:

41. *Balances and Ways and Means Advances.*—Except for the month of October 1944, the aggregate balances of the provincial Governments with the Bank in 1944-45 were on a higher level than in the previous year (*vide* Statement XI). The average of the month-end balances for the year was higher at Rs.17·52 crores as compared with Rs.12·86 crores in 1943-44 and Rs.8·13 crores in 1942-43. The year-end balances of the provinces aggregated Rs.29·90 crores of which Bengal accounted for Rs.14·06 crores. The average of the month-end balances held in treasuries during the year was also higher at Rs.1·65 crores as against Rs.1·14 crores in the previous year. The month-end balance with the Bank of the Government of Burma averaged Rs.94 lakhs as compared with Rs.69 lakhs in 1943-44.

During the year all the provinces, with the exception of the United Provinces, Sind and the North-West Frontier Province, had recourse to ways and means advances from the Bank. The advances aggregated Rs.13·01 crores as compared with Rs.12·42 crores in 1943-44. Of the total advances to provinces, Assam availed of the largest portion *viz.*, Rs.9·35 crores, of which Rs.1·15 crores remained outstanding at the end of the year. The balance of Rs.3·66 crores representing borrowings by other provinces was repaid by the end of the year. The Government of Burma borrowed Rs. 1·35 crores during the year as against Rs.3·94 crores in 1943-44, and there were no outstandings at the end of the year.

42. *Treasury Bills.*—Statement XV shows the sales of treasury bills by Provincial Governments during the year under review. The total sales of treasury bills by the provinces showed a further increase and amounted to Rs.53·50 crores as against Rs.45·65 crores in 1943-44. Of the four provinces which resorted to short-term borrowing, Bengal issued Rs.35 crores of bills, Assam Rs.16·50 crores and Madras and Orissa Rs.1 crore each. As against Rs.17·30 crores in 1943-44, the total outstandings at the end of the year amounted to Rs.10 crores of which Assam accounted for Rs.4·50 crores, Bengal for Rs.5 crores and Orissa for Rs. 50 lakhs. The average yield on provincial bills during the year was lower at 0·56 per cent. compared with 0·98 per cent. in 1943-44 and 0·82 per cent. in 1942-43.

(*b*) LONG TERM DEBT AND OTHER BORROWING.

43. *Government of India Loans.*—While Government have financed the war mainly on a 3 per cent. basis, improvement in the terms of borrowing has been secured through raising the periods of maturity of successive fresh issues. Thus there has been practically a switch over from a relatively short-dated loan, *e.g.*, the 3 per cent. 1946 Bonds issued in 1940 to a longer-dated loan *viz.*, the 3 per cent. 1959-61 Second Victory Loan issued in March 1945; Government's ability to float loans on progressively favourable terms has contributed to the steadiness of the gilt-edged market and reinforced the policy of cheap money. Considerable reliance has been placed by the Central Government on borrowing during the last two years, the total of rupee loans having risen from Rs.749 crores in 1942-43 to Rs.1,007 crores in 1943-44 and Rs.1,219 crores in 1944-45. In the borrowing programme, defence loans have been supplemented by the issue of rupee counterparts of repatriated sterling loans; of the sterling loans repatriated between 1937-38 and 1944-45 amounting to Rs.431 crores, rupee counterparts were issued to the public in respect of Rs.224 crores or 52 per cent. During the year under review the additional securities made available to the public included issues of two Victory Loans, Five Year Interest-Free Prize

Bonds first issued on the 15th January 1944 and the 3½ per cent. Rupee Counterparts, the sale of which was resumed in October 1944. Besides, the National Savings Campaign started last year was actively pursued with the co-operation of the Provincial authorities and resulted in increases in the various forms of small savings (*vide* para 48).

The 3 per cent. Loan 1953-55 (the Fourth Defence Loan) which had been on tap since the 3rd July 1943 was closed on the 31st March 1944, after the total subscriptions had reached Rs.114·55 crores. In accordance with the Government's announcement of the 25th March 1944, a new 3 per cent. Victory Loan repayable at par on the 1st September 1957, was issued with effect from the 1st April 1944. Subscriptions to the Loan were to be received in cash without limit of amount. The issue price for every Rs.100 nominal was fixed at Rs.100-2-8 during the first week, increasing thereafter at 8 pies per cent. weekly, approximating to the net weekly interest accruing. The loan continued to be on tap until the 17th February 1945 when it was closed, the total subscriptions amounting to Rs.112·82 crores.

In view of the strong demand, especially on the part of banks for a short-term investment, the Central Government announced on the 2nd June 1944 the creation of a special issue of the existing 2¾ per cent. Loan 1948-52 to the extent of Rs.50 crores. Similarly, the requirements of institutional investors for a long-term security were met by the creation early in October of a third issue of the 3 per cent. Funding Loan 1966-68 to the extent of Rs.35 crores. Both these issues continued to be available for sale on Government account by the Bank according to the usual procedure for the sale of counterparts and special issues.

Following the closure of the 3 per cent. First Victory Loan 1957 on the 17th February 1945, Government announced on the 13th March 1945 the issue of the 3 per cent. Second Victory Loan redeemable at par not earlier than the 15th August 1959 and not later than the 15th August 1961; the other terms of the loan being the same as for the First Victory Loan. The list was opened with effect from the 19th March, and the total subscriptions upto the 31st March 1945 amounted to Rs.6,14,55,200.

In response to the demand mainly of institutional investors, rupee counterparts of repatriated sterling loans were also sold to the extent of Rs.14·95 crores between the 23rd October 1944 and the 9th January 1945. Outstandings (with the public and the Bank) of the various counterparts as at the end of each year since 1940-41 are shown below.

TABLE 18. OUTSTANDINGS OF RUPEE COUNTERPARTS OF REPATRIATED STERLING LOANS.

(In crores of rupees)

			1940–41	1941–42	1942–43	1943–44	1944–45
3	per cent.	Paper	2·89	3·39	3·97	5·28	5·28
3½	,,	,, ...	9·38	17·26	55·73	133·78	148·73
5	,,	1942–47	7·45	0·29	..	..	..
4½	,,	1950–55	18·72	8·08	8·08	6·73	6·74
4½	,,	1958–68	7·27	5·84	5·84	5·85	5·85
4	,,	1948–53	6·36	4·72	5·02	5·02	5·02
3½	,,	1954–59	3·96	12·24	12·32	12·35	12·37
3	,,	1949–52	5·24	7·28	7·48	7·48	7·48
3	,,	1951–54*	..	10·95	16·79	16·79	16·79
3	,,	1963–65†	..	13·05	16·01	16·01	16·01
		**Total .. .. ..

The following table shows the total subscriptions to various Defence Loans, different kinds of Postal and other small savings, and issues of counterparts made in connection with the financing of the repatriation operations during each of the years 1940-41 (the Defence Loan programme having been started in June 1940) to 1944-45. Investments during 1944-45 amounted to Rs.265·30 crores as against 341·49 crores in the preceding year and accounted for 30·9 per cent. of the aggregate investments at Rs.857·75 crores during the whole period of the programme. The lower figure for 1944-45 should be regarded in the context of other anti-inflationary measures newly introduced during the year such as the 100 per cent. immobilisation of excess profits, " Pay-as-you-earn " income-tax collections and the sales of gold and silver.

TABLE 19. SUBSCRIPTIONS TO INDIAN DEFENCE LOANS INCLUDING SMALL SAVINGS.

(In lakhs of rupees)

	1940–41	1941–42	1942–43	1943–44	1944–45	Total
3 per cent. Six Year Defence Bonds :—						
(*a*) First series	71	..	..	..	..	**71**
(*b*) Second series	44,43	..	..	20,00*	..	**64,43**
3 per cent. Second Defence Loan 1949-52.	3,47	55,69	..	..	..	**59,16**
Three Year Interest Free Bonds ..	2,34	34	32	—1	—9	**2,90**
3 per cent. Loan 1951-54 (Third Defence Loan)	..	..	40,01	14,79	..	**54,80**
Rupee Counterparts (Net Investments).	61,27	21,83	48,14	78,05	14,97	**224,26**
3 per cent. Loan 1963-65 (Special Issue)..	..	..	15,00	15,21	..	**30,21**
3 per cent. Funding Loan 1966-68 ..	..	..	..	75,12*	35,00*	**110,12**
3 per cent. Loan 1953-55 (Fourth Defence Loan)	..	..	..	110,85	3,73	**114,58**
Five Year Interest Free Prize Bonds ..	..	..	..	1,81	2,34	**4,15**
3 per cent. Victory Loan 1957	..	..	..	..	112,82	**112,82**
3 per cent. Second Victory Loan 1959-61.	..	..	..	..	6,15	**6,15**
2½ per cent. Loan 1948-52	..	..	..	..	50,00*	**50,00**
Post Office Cash Certificates	—10,04	—7,97	—4,44	7	1,17	**—21,21**
Defence Savings Certificates	2,29	2,06	1,21	1,41	—55	**6,42**
National Savings Certificates	..	..	..	8,65	19,38	**28,03**
Post Office Savings Bank	—18,81	—7,44	15	11,96	16,03	**1,89**
Post Office Defence Savings Bank ..	..	11	29	3,58	4,35	**8,33**
Total ..	**85,66**	**64,62**	**100,68**	**341,49**	**265,30**	**857,75**

44. *Repayment of Loans.*—No Central Government loans matured for redemption during the year 1944-45.

45. *Provision for Reduction of Debt.*—Since 1934-35 a provision of Rs.3 crores has been made annually from revenue for reduction of debt. Particulars for the last three years are given below :—

(In lakhs of rupees)

	1943–44	1944–45 Revised	1945–46 Budget
1. Sinking Fund	95·04	95·04	95·04
2. Other appropriations	2,04·96	2,04·96	2,04·96
Total ..	**3,00·00**	**3,00·00**	**3,00·00**

* Includes amounts taken up by the Government of India in their Cash Balance Investment Account.

46. *Composition of Total Rupee and Sterling Debt since* 1913-14.—Statement XVI gives the outstandings of the rupee and sterling debt of the Government of India as at the end of each quinquennium from 1913-14 to 1938-39 and as at the end of each financial year thereafter. The terminable part of the funded debt is classified according to the period of maturity.

The total public debt of India rose from Rs.1,381·83 crores at the end of 1943-44 to Rs.1,609·65 crores at the end of 1944-45, of which the sterling debt accounted for Rs.37·80 crores or 2·3 per cent. against Rs.39·14 crores at the end of the preceding year. The entire sterling debt at the end of 1944-45 comprised Rs.34·20 crores of loans (including Rs.20·62 crores of British War Loan 1929-47 on account of war contribution) and Rs.3·60 crores of service funds.

The total interest bearing obligations (*vide* the Explanatory Memorandum on the Central Government Budget for 1945-46) increased by Rs.642 crores from Rs.1,206 crores at the end of 1938-39 to Rs.1,848 crores at the end of 1944-45 (revised). These figures include liabilities in respect of the British War Loan which remains suspended since 1931-32 and for accounting reasons the capital portion of the Railway annuities which were funded in 1942-43. Similarly the balances of depreciation and reserve funds of Railways, Posts and Telegraphs and certain other deposits mainly in respect of the excess profits tax and the income tax are also included. Deducting liabilities in respect of these items, the total regular interest bearing debt may be placed at Rs.1,558 crores at the end of 1944-45 (revised) as compared with Rs.1,158 crores at the end of 1938-39; according to the budget estimates it is expected to amount to Rs.1,915 crores at the end of 1945-46. The total interest bearing obligations *including deposits* increased to Rs.1,512 crores at the end of 1943-44 and to Rs.1,798 crores at the end of 1944-45 compared with Rs.1,185 crores at the end of 1938-39 or by Rs.327 crores and Rs.614 crores respectively. As against the total debt of Rs.1,848 crores at the end of 1944-45, the assets held by Government totalled Rs.1,316 crores, made up of (1) the capital outlay on Railways Rs.788 crores, (2) capital advance to other Commercial Departments of the Central Government, Provinces and States Rs.138 crores, (3) debt due from Burma Rs.48 crores, (4) deposits from His Majesty's Government for redemption of Railway annuities Rs.29 crores and (5) cash and securities held on treasury account Rs.312 crores.

47. *Conversion of Government Promissory Notes into Stock Certificates, and Subsidiary General Ledger Accounts.*—The investing public continued to avail themselves of the facilities extended under the scheme introduced on the 1st March 1942 for conversion (without charge) of Government Promissory Notesin to Stock Certificates and *vice-versa.* Conversions of Promissory Notes into Stock Certificates during 1944-45 amounted to Rs.44·95 crores compared with Rs.50·23 crores in 1943-44, the total amount converted since the introduction of the scheme being Rs.276·33 crores. Reconversions of Stock Certificates into Promissory Notes during the year amounted to Rs.18·44 crores as against Rs.18·66 crores in 1943-44 and the aggregate of Rs.49·76 crores since the 1st March 1942. The facility allowed by the Bank for holding securities on Subsidiary General Ledger Accounts also continued to be availed of by institutional investors. The distribution according to the form in which the total rupee debt is held by the public is indicated in the table below:—

Percentage to Total Rupee Debt.

As on	G. P. Notes	Stock Certificates	S.G.L. A/c.	Misc. (i.e., G. P. Notes & Stock held in London)
31-3-1942	*53·69*	*15·40*	*30·57*	*0·34*
31-3-1943	*25·60*	*31·28*	*42·85*	*0·27*
31-3-1944	*32·65*	*28·88*	*38·27*	*0·20*
31-3-1945	*37·05*	*25·95*	*36·85*	*0·15*

The initial preference shown by many investors after the introduction of the free conversion scheme for holding Government debt in the form of Stock Certificates as against Promissory Notes appears to have worn off during the succeeding years. The percentage of G.P. notes to total Rupee Debt which stood at 25·60 at the end of 1942-43 has gone up to 37·05 by the end of 1944-45, while that of Stock Certificates has declined from 31·28 to 25·95.

48. *Post Office Certificates and Savings Bank Deposits.*—Statement XVII shows the transactions in Post Office Five Year Cash Certificates since their inception in 1917-18, Ten Year Defence Savings Certificates first introduced in June 1940 and Twelve Year National Savings Certificates issued from the 1st October 1943 to replace the Ten Year Defence Savings Certificates. Statement XVIII gives information regarding the Post Office Savings Bank since 1913-14 and the Defence Savings Bank which started operations from the 1st April 1941. Particulars of monthly transactions in the various types of small savings are given in Statement XIX.

The net investment in all these forms of savings averaged Rs.3.37 crores per month in 1944-45 as against Rs.2.14 crores in the previous year. In December 1944, with a view to liberalising the terms of issue of the National Savings Certificates, Government revised the rules first framed in September 1943 in regard to subscriptions to these certificates. Under the new rules, the limit of joint holdings was raised from Rs.5,000 to Rs.10,000, minors and charitable bodies of the nature of Trusts were allowed to invest and holders were allowed to tender the certificates in payment of Government dues. The new rules also provided for the issue of two fresh denominations, *viz.* Rs.5,000 to meet the convenience of the large investor and Rs.5 to encourage the small saver; maximum holding in respect of the Rs.5 denomination was limited to Rs.125 and the period of non-encashability was fixed lower at 18 months against 36 months in respect of other denominations. An amendment to the rules of the Post Office Savings Bank in February 1945 raised the maximum limit of deposits from Rs.1,500 to Rs.5,000 during any financial year. The total net accrual of various forms of small savings during 1944-45 was Rs.40·38 crores as against Rs.25·67 crores in 1943-44, detailed as follows.

(In lakhs of rupees)

Outstandings of	1940–41	1941–42	1942–43	1943–44	1944–45
Cash Certificates	46,98	39,01	34,57	34,64	35,81
Defence Savings Certificates ..	2,29	4,35	5,56	6,97	6,42
National Savings Certificates ..	....	....	....	8,65	28,03
Savings Banks Deposits	59,57	52,13	52,28	64,24	80,27
Defence Savings Bank Deposits.	....	11	40	3,98	8,33
Total ..	**108,84**	**95,60**	**92,81**	**118,48**	**158,86**

The yield on the Post Office Five Year Cash Certificates, the Ten Year Defence Savings Certificates and the Twelve Year National Savings Certificates continued unchanged at 2½, 3⅓ and 3½ per cent. (compound interest) respectively. New investments in Post Office Cash Certificates during the year remained practically unchanged at Rs.5·48 crores, while withdrawals at Rs.4·31 crores showed a decline of Rs.1·12 crores over the previous year; the amount outstanding at the end of March 1945 at Rs.35·81 crores was higher than at the end of March 1944 by Rs.1·17 crores. As regards Defence Savings Certificates, repayments during the year under review amounted to Rs.55 lakhs and their outstanding amount decreased to Rs.6·42 crores at the end of 1944-45. Investments in National Savings Certificates during the year amounted to Rs.19·39 crores or 48 per cent. of the aggregate net accrual of Rs.40·38 crores under the various forms of small savings, receipts during the last quarter being nearly Rs.10 crores; the outstandings at the end of March 1945 stood at Rs.28·03 crores as against Rs.8·65 crores at the end of 1943-44. Deposits during the year in the Post Office Savings Bank at Rs.43·76 crores were the largest of all years during the war period and their total amount outstanding rose to Rs.80·27 crores compared with Rs.64·24 crores at the end of 1943-44. Deposits in the Post Office Defence Savings Bank also increased to Rs.4·37 crores in 1944-45 as against Rs.3·59 crores in 1943-44 and Rs.29 lakhs in 1942-43, the year-end outstandings being Rs.8·33 crores. Of the aggregate small savings during the year the United Provinces accounted for Rs.6·8 crores or 17·1 per cent., Bombay for Rs.6·2 crores or 15·5 per cent., the Punjab for Rs.6·1 crores or 15·3 per cent. and Bengal for Rs.5·0 crores or 12·7 per cent., while the share of the Indian States amounted to Rs.4·2 crores or 10·5 per cent.

49. *Provincial Loans.*—On the 8th August 1944 six Provincial Governments, *viz.*, the United Provinces, Bombay, the Punjab, Sind, Madras and the Central Provinces and Berar, notified simultaneously the flotation of 3 per cent. medium dated loans of the aggregate value of Rs.13·28 crores repayable at par on the 15th August 1958, the respective amounts issued being Rs.3,50 lakhs, Rs.3,44 lakhs, Rs.2,70 lakhs, Rs.2,00 lakhs, Rs.1,10 lakhs and Rs.53½ lakhs. The Bombay, Madras and the Central Provinces loans were issued at par and the remaining three loans at Rs.98-8-0 for every Rs.100 nominal. The loans were open for one day only *viz.*, the 15th August 1944, and were fully subscribed after a call on underwriters. The object of the loans, as in the case of those floated during the previous two years, was to make advance repayment of a part of the loans carrying a higher rate of interest taken from the Central Government to finance remunerative capital expenditure prior to the inauguration of Provincial Autonomy in April 1937. The total amount thus raised during the three years 1942-43 to 1944-45 aggregated Rs.28·78 crores. During the year the 3¼ per cent. United Provinces Encumbered Estates Act Bonds of the aggregate nominal value of Rs.79,61,400 were also issued as against Rs.91,03,900 during 1943-44.

The 5 per cent. United Provinces Loan 1944 fell due for redemption on the 1st October 1944 and was notified for repayment at par on the 30th September 1944 (the 1st October 1944 being a Sunday). Of the total outstandings before repayment *viz.*, Rs.2,57,89,100, the amount paid off to the end of March 1945 came to Rs.2,29,66,300. The 3¼ per cent. United Provinces Encumbered Estates Act Bonds of the total nominal value of Rs.11,50,000 were drawn for redemption during the year under Section 30 of the Act out of which Bonds of Rs.2,46,700 have been paid off in cash up to the 31st March 1945.

50. *The Debt Position of Provinces.*—Statement XX shows the consolidated debt position of the provinces as at the end of each of the years 1936-37 to 1944-45. The debt owed by the provinces to the Centre has declined progressively throughout the period of war, and particularly during the last two years and stood at Rs.66·48 crores at the end of 1944-45 as against Rs.111·11 crores at the close of 1942-43, the repayment of Rs.22·43 crores of the Lloyd Barrage Debt in April 1944 being a principal item of the reduction during the period. The increase in the gross total debt from Rs.166.72 crores at the end of 1942-43 to Rs.189·24 crores at the end of 1944-45 is primarily accounted for by larger floating debt. This rose from Rs.82 lakhs at the close of 1942-43 to Rs.29.44 crores at the close of 1943-44 and further to Rs.68·23 crores at the close of 1944-45, of which Bengal alone accounted for Rs.23·75 crores, and Rs.62·41 crores respectively during the last two years. The closing cash balances of the provinces rose during the war from Rs.9·59 crores in 1939-40 to Rs.19·11 crores in 1941-42, and Rs.30·44 crores in 1942-43 and stood at Rs.36·96 crores at the end of the year under review.

51. *Repatriation of Sterling Debt.*—Of the total interest bearing sterling obligations of the Government of India at the end of 1936-37 of £356·05 million comprising loans £291·53 million, Railway annuities £39·86 million and Railway debentures £24·66 million, the debt outstanding at the end of 1944-45 stood at £10 million (excluding the liability of £15·47 million in respect of the British Government 5 per cent. War Loan 1929-47, which remains suspended since the 1st July 1931). The debt paid off during the period totalled £322·84 million (Rs.430·46 crores) including additions to debt in respect of Railway debentures offset by cancellations under the East India Loans Act 1937 and by payments on account of Railway annuities till the 1st October 1942 when these were funded. Of the total debt of Rs.430·46 crores discharged, Rs.3·99 crores was repaid in 1937-38; Rs.22·79 crores in 1939-40; Rs.95·05 crores in 1940-41; Rs.132·05 crores in 1941-42; Rs.158·67 crores in 1942-43; Rs.17·36 crores in 1943-44 and Rs.0·55 crores during the year under review. With the virtual completion in 1943-44 of the various schemes of repatriation, the debt repaid during 1944-45 related to cancellations of repatriated stocks not surrendered earlier. In addition (1) the Madras and Southern Mahratta, (2) the South Indian and (3) the Bengal Nagpur Railways were acquired respectively at a cost of £5·28 million, £1·11 million and £3·60 million, due notice having been given for the premature termination of the contracts. The total cost of purchase of various railways acquired during the war amounted to £30·7 million (Rs.41 crores).

The total liabilities repatriated during the eight year period 1937-38 to 1944-45 included Rs.119·87 crores of terminable stocks, Rs.231·34 crores of non-terminable stocks, Rs.36·08 crores of Railway annuities and Rs.43·17 crores of Railway debentures. Of the total loans repaid, Rs.71·32 crores was repatriated under open market operations between 1937-38 and 1943-44, Rs.2·69 crores under the Licence Scheme of February 1940, Rs.99·77 crores under the Vesting Order of February 1941 in respect of terminable loans, Rs.106·19 crores under the Vesting Order of December 1941 in respect of 2½ per cent. and 3 per cent. sterling stocks and Rs.75·93 crores of 3½ per cent. stock under the notice of redemption of December 1941. The funding of the Railway annuities involving a transfer of Rs.40 crores to His Majesty's Government was put through on the 1st October 1942. Railway debentures of Rs.26·60 crores were repatriated under the Vesting Order of January 1943, while of the balance of Rs.16·57 crores, Rs.11·87 crores was redeemed on the 4th February 1944 after the necessary one year's notice, and Rs.4·70 crores was

purchased in the open market. The particulars of debt cancelled year by year under the various schemes of repatriation are shown in the following table.

TABLE 20. AMOUNTS OF STERLING DEBT REPATRIATED UNDER VARIOUS SCHEMES SINCE 1937-38.

	Manner of Repatriation.	Face Value	Purchase Value	Amount of Rupee Counterparts created	
		(£ million)	(£ million)	(Rs. crores)	(Rs. crores)
1937–38	Open market purchase	2·99	3·04	4·05	1·12
1939–40	„ „ „	17·09	16·54	22·05	22·79
1940–41	1. „ „ „	9·22	8·52	11·36	12·10
	2. Licence scheme of 22nd February 1940	2·02	2·02	2·69	2·69
	3. First compulsory scheme of 8th February 1941	60·05	64·70	86·27	80·07
1941–42	1. Open market purchases	12·11	12·36	16·48	16·14
	2. First compulsory scheme of the 8th February 1941	13·08	14·14	18·85	17·44
	3. Second compulsory scheme of the 24th December 1941	73·85	65·78	87·71	....
1942–43	1. Open market purchases	10·48	10·40	14·00	11·40
	2. First compulsory scheme of 8th February 1941 (including special arrangement)	1·45	1·13	2·02	1·29
	3. Second compulsory scheme of the 24th December 1941 (including special arrangement)	5·22	4·31	6·12	2·30
	4. Redemption of 3½ per cent. sterling stock 1931 or after	56·21	56·21	74·95	67·63*
	5. Funding of Railway annuities ..	27·06	30·05	40·07	....
	6. Repatriation of Railway debenture stocks	18·58	18·38	24·51	....
1943–44	1. Open market purchases	1·60	1·63	2·17	....
	2. First compulsory scheme of the 8th February 1941 (including special arrangement)	0·16	0·16	0·22	0·04
	3. Second compulsory scheme of the 24th December 1941 (including special arrangement)	0·32	0·28	0·37	30·38†
	4. Redemption of 3½ per cent. sterling stock 1931 or after	0·71	0·71	0·94	8·00*
	5. Redemption of 3½ per cent. debenture stocks of E.I. & G.I.P. & B.B. & C.I. Rlys. ..	8·90‡	8·90‡	11·87	....
	6. Repatriation of Railway debenture stocks	1·33	1·29	1·72	....
1944–45	1. First compulsory scheme of the 8th February 1941 (including special arrangement)	0·09	0·09	0·12	0·02
	2. Second compulsory scheme of the 24th December 1941 (including special arrangement)	0·25	0·21	0·28	0·15
	3. Redemption of 3½ per cent. sterling stock 1931 or after	0·03	0·03	0·04	....
	4. Repatriation of Railway debenture stocks	0·04	0·04	0·05	....
	Total ..	**322·84**	**320·92**	**428·91**	**273·56**

* Created against cancellation of £56·72 million of 3½ per cent. Sterling Stock 1931 or after.

† Includes counterparts for Rs.30 crores created against cancellation of £26·25 million of 3 per cent. Sterling Stock 1948 or after during the period 2nd March to 16th June, 1942. ‡ Provisional.

TABLE 21.—DISPOSAL OF REPATRIATED STERLING DEBT.

(In lakhs of rupees)

Year	Amount Repatriated		Rupee counterparts created	Additions to Rupee Debt (Permanent Debt); Holdings of Rupee Counterparts				Reduction in Debt		
	Face value	Market value		Public	Bank	Government	Total	Debt cancelled on repatriation	Rupee counterparts cancelled	Total
1937–38 ..	3,99	4,05	1,12	....	....	1,12	1,12	2,87	....	2,87
1939–40 ..	22,79	22,05	22,79	....	....	22,79	22,79	....	....	....
1940–41 ..	95,05	100,32	94,86*a*	10,21	37,23	47,42	94,86	19	....	19
1941–42 ..	132,05	123,04	37,10*b*	41,42	—5,77	—46,28	—10,63	98,47	47,73	146,20
1942–43 ..	158,67	161,67	82,62	45,85	2,30	33,46	96,62*d*	61,05	1,01	62,06
1943–44 ..	17,36	17,29	38,42*c*	79,37	—1,33	—40,96	37,08	—21,06	1,34	—19,72
1944–45 ..	55	49	18	23,20	—8,22	—14,80	18	37	....	37
Total	**430,46**	**428,91**	**277,09**	**200,05**	**24,21**	**2,75**	**242,01**	**141,89**	**50,08**	**191,97**

a. Differs from the face value by Rs.19 lakhs due to 3½ Rupee Paper being created against a portion of 2½ per cent. sterling stock 1926 or after.

b. Includes an additional Rs.3,52 lakhs on account of conversion of (1) 4½ per cent. Loan 1950-55 into 3 per cent. Loan 1951-54, (2) 4½ per cent. Loan 1958-68 into 3 per cent. Loan 1963-65 and (3) 3 per cent. Paper into 3½ per cent. Paper.

c. Includes 3½ per cent. Paper of the value of (1) Rs.8 crores created in lieu of the redemption of 3½ per cent. Sterling Stock 1931 or after and (2) Rs.30 crores created in lieu of cancellation of 3 per cent. stock 1948 or after.

d. Includes Rs.15 crores of 3 per cent. Loan 1963-65 (special issue) in connection with the funding of the Railway annuities.

The table below shows the manner of disposal of the stocks repatriated year by year.

TABLE 22. AMOUNTS OF LOANS AND OTHER STERLING DEBT REPATRIATED SINCE 1937-38.

(In lakhs of rupees)

Year	Terminable Loans							Non-Terminable				Total		Total
	3% 1949–52	3½% 1954–59	4% 1948–53	4½% 1950–55	4½% 1958–68	5% 1942–57	Total	2½% 1926	3% 1948	3½% 1931	Total		Railway Debentures	
1937–38	67	..	86	66	..	68	2,87	..	32	80	1,12	3,90	..	3,99
1939–40	55	20	1,03	2,86	1,39	4,31	10,34	..	4,95	7,50	12,45	22,79	..	22,79
1940–41	9,96	10,66	10,95	34,39	14,25	6,03	86,24	66	3,18	4,97	8,81	95,05	..	95,05
1941–42	97	1,39	1,64	8,73	4,26	1,17	18,16	13,23	85,33	15,33	113,89	132,05	..	132,05
1942–43	25	7	56	65	40	..	1,93	99	5,98	86,35	93,32	95,25	27,35	158,68*
1943–44	1	3	2	10	5	..	21	5	38	94	1,37	1,58	15,77	17,35
1944–45	4	2	..	6	..	..	12	19	15	4	38	50	5	55
Total Face Value ..	**12,45**	**12,37**	**15,06**	**47,45**	**20,35**	**12,19**	**119,87**	**15,12**	**100,29**	**115,93**	**231,34**	**351,21**	**43,17**	**430,46**

* Includes Rs.36·08 crores of the capital portion of the Railway annuities funded on the 1st October 1942.

The following table shows the progress of repatriation year by year in respect of individual loans as well as Railway annuities and Railway debentures.

The total amount of rupee counterparts created in lieu of the loans repaid was Rs.277·09 crores. Of these, Rs.50·08 crores or 18 per cent. were cancelled while the remaining are held by the public, the Bank and in the investment portfolio of the Government, the respective amounts at the end of 1944-45 being Rs.200·05 crores, Rs.24·21 crores and Rs.2·75 crores. No counterparts were created either in respect of the funding of Railway annuities or the purchase of the Railway debenture stocks. The creation of counterparts was not always resorted to as a mode of financing the repatriation operations in respect of loans and in certain cases counterparts were subsequently created. Counterparts were issued on repatriation in respect of the loans repaid under the first Compulsory Scheme of February 1941 *viz.*, 5 per cent. Loan 1942-47, 4½ per cent. Loan 1950-55, 4½ per cent. Loan 1958-68, 4 per cent. Loan 1948-53, 3½ per cent. Loan 1954-59 and 3 per cent. Loan 1949-52. As against the total open market purchases of Rs.17·36 crores of terminable stock, rupee counterparts of the face value of Rs.14·49 crores were created while the balance was cancelled by Government; counterparts amounting to Rs.49·61 crores were also created in respect of the entire amount of the non-terminable loans similarly acquired. The conversions into rupee counterparts under the Licence Scheme of February 1940 aggregated £2·02 million (Rs.2·69 crores) made up of £1·85 million of terminable loans and £0·17 million of non-terminable loans. In respect of the non-terminable loans repatriated under the second Compulsory Scheme of December 1941 and under the notice of redemption of the same date, total counterparts of the face value of Rs.108·46 crores were created. Apart from the creation of counterparts on repatriation, Government financed the repatriation operations either through their own balances or ways and means advances from the Bank or through the issue of *ad hoc* treasury bills to the Bank. Of Rs.40 crores (£30 million) transferred to His Majesty's Government in respect of the Railway annuities in October 1942, Rs.30 crores was provided in the first instance through the issue to the Bank of *ad hoc* treasury bills and Rs.10 crores from ways and means advances. Against this temporary debt the Bank was reimbursed to the extent of Rs.15 crores by a special issue of the 3 per cent. Loan 1963-65 in October 1942. Against Rs.430·46 crores of sterling debt wiped out, additions to the rupee debt by the end of 1944-45 accounted for Rs.242 crores or 56 per cent., while the total cancellations aggregated Rs.191·97 crores, made up of Rs.50·08 crores of rupee counterparts (including the repayment on maturity of 5 per cent. Loan 1942-47), and Rs.141·89 crores of debt cancelled on repatriation (*vide* table No. 21). The cost of acquisition of terminable stocks of the face value of Rs.119·87 crores amounted to Rs.129 crores or 108 per cent., all loans excepting one *viz.*, 3 per cent. Loan 1949-52 having been purchased at a premium ranging from 12·6 per cent. in the case of 4½ per cent. Loan 1958-68 to 2·5 per cent. in the case of 3½ per cent. Loan 1954-59. As against this, non-terminable stocks of the face value of Rs.231·34 crores were acquired at a cost of Rs.216·87 crores or 94 per cent., the discount varying from 22·5 per cent. in the case of 2½ per cent. stock to 0·7 per cent. in the case of 3½ per cent. stock.

VI. CAPITAL MARKETS, MONEY AND BANKING

52. *Government Securities Market.*—The history of the long-term interest rate since the early 'thirties, particularly the rate of long-term Government borrowing, is one of steady decline in most or all countries. The yield on Government bonds has been gradually falling in most countries particularly during the period of war, accompanying an appreciation in Government security values; the trend may be

ascribed generally to the deliberate policy of central banks, through low discount rates and open market operations, to ensure conditions of cheap and abundant credit in the first place as a basis of recovery from depression and latterly with a view to holding down the financial costs of war. Statement XXI gives the highest and lowest prices of representative rupee securities of the Government of India since 1914-15, while statement XXII shows their highest, lowest and average prices and average yield during each month of the year under review.

The gilt-edged market maintained a firm tendency during the greater part of the year, being mainly influenced by the favourable developments in the war situation. The continued abundance of short-term funds seeking investment in liquid form led to general improvement in prices, the closing quotations of most of the loans at the end of March 1945 showing gains over the previous year. The Economic Adviser's Index Number of the prices of Government Securities (1927-28 = 100) averaged higher at 118·0 during 1944-45 compared with 117·2 in the preceding year. After closing at 117·7 in March 1944, it temporarily receded to 117·5 in April and steadily advanced thereafter to 118·2 in July, remaining round about that level upto December. During the last quarter, however, it slightly eased, and stood at 117·6 in March 1945.

The easier feeling noticed towards the close of March 1944, following the developments on the Assam-Burma front, continued during the early part of April, partly as a result of selling by speculative holders. The 3½ per cent. undated Rupee Paper, which had declined from Rs.99-6-0 on the 4th March 1944 to Rs.98-3-0 at the close of last year, fell further to Rs.96-2-0 by the 10th April, the lowest level reached during the year under review. The terminable loans, particularly the longer-dated, also showed a steep decline, the 3 per cent. Loan 1963-65 and the 4 per cent. Loan 1960-70 touching their lowest levels of the year at respectively Rs.96-8-0 and Rs.110-4-0 on the 11th April. A recovery followed, and, by the end of April, most of the scrips had made up a large part of their early losses. The circular letter issued by the Reserve Bank of India to scheduled banks on the 22nd April, advising them to refrain from extending credit against Government securities for speculative purposes appeared to have had the desired effect. The 3½ per cent. undated Rupee Paper improved from Rs.96-2-0 on the 10th April to Rs.98-5-0 by the 29th. Between May and December, the market was generally active and the creation of two special issues, one short-term *viz.*, the 2¾ per cent. Loan 1948-52 and one long-term *viz.*, the 3 per cent. Funding Loan 1966-68 (*vide* para 43) imparted further strength to the market. The 3½ per cent. undated Rupee Paper was continually marked up until, for the first time since the 4th January 1937, it touched par on the 16th November, and stood at Rs.100-1-0 on the 18th of that month. In view of the widening demand for this scrip the sales of rupee counterparts of 3½ per cent. undated Paper which had been discontinued on the 16th October 1943, were resumed from the 23rd October 1944, and Paper worth Rs.14·95 crores was sold till the 9th January 1945 when the sale was discontinued. The market in terminable loans showed a steady rise and some of the loans, *e.g.* the 3 per cent. Loan 1951-54 and the 3½ per cent. Loan 1947-50, touched their highest levels in November at Rs.101-3-0 and Rs.104-4-0 respectively. The quotations were well maintained till the close of December when, owing mainly to year-end selling, a slight reaction set in, and the market was inclined to be quiet for the rest of the year, the closing quotations of the representative loans receding from the higher levels reached earlier. The 3½ per cent. undated Rupee Paper continued to be quoted at about par till the close of December when it receded to Rs.99-13-0, and, after fluctuating between Rs. 99-14-0

and Rs.99-6-0, closed at Rs.99-9-0 or Rs.1-6-0 higher than the previous year's closing price. The 3 per cent. undated Rupee Paper also showed a substantial rise during the year and closed higher at Rs.90-12-0 on the 31st March 1945 as against Rs.89-8-0 at the end of the previous year. Most of the loans in the terminable section closed higher on balance, the 3 per cent. Loan 1949-52 and the 4½ per cent. Loan 1955-60 finishing at Rs.101-9-0 and Rs.117-4-0 respectively showing gains of Rs.1-0-0 and Rs.1-6-0 as compared with the previous year's closing prices.

The Provincial Loans generally followed the trend of the Central Loans. After an initial set-back in the year, the loans tended to show a steady improvement, some registering substantial gains by the end of March 1945. The 3 per cent. Punjab Loan 1949 and the 3 per cent. Central Provinces and Berar Loan 1949, stood at Rs.101-1-0 on the 31st March 1945 or higher than the previous year's closing prices by about annas 13 in each case.

The table below gives the average face value and market value of rupee securities of the Government of India for each of the nine years 1936-37 to 1944-45, and for each of the months of the year under review.

TABLE 23. FACE VALUE AND MARKET VALUE OF RUPEE SECURITIES OF THE GOVERNMENT OF INDIA

(In crores of rupees)

Year (1)	Face Value (2)	Market Value (3)	Percentage of (3) to (2)
1936-37	437·33	470·86	107·7
1937-38	437·39	463·86	106·0
1938-39	447·92	471·23	105·2
1939-40	457·56	454·59	99·4
Five pre-war months to August 1939	441·86	453·78	102·7
Seven war months to March 1940	441·32	426·53	96·6
1940-41	502·73	496·73	98·8
1941-42	587·92	589·26	100·04
1942-43	663·84	660·10	99·44
1943-44	873·08	878·58	100·63
1944-45	11,26·28	11,40·09	101·23
April	10,14·44	10,15·34	100·07
May	12,21·29	10,30·97	100·95
June	10,78·81	10,92·11	101·23
July	10,86·53	11,02·04	101·43
August	10,99·41	11,15·87	101·50
September	11,06·48	11,21·76	101·38
October	11,51·61	11,67·77	101·40
November	11,64·36	11,82·07	101·52
December	11,74·59	11,92·33	101·51
January	11,86·36	12,02·03	101·32
February	12,12·50	12,25·26	101·05
March	12,18·97	12,33·53	101·19

53. *Industrial Share Market.*—Prices in the industrial share market generally remained on a higher level during the year under review. The improvement registered, however, was much less marked than in the preceding year, owing mainly to the bearish view taken by the market of the favourable trend of war developments. The Economic Adviser's Index Numbers of variable yield securities and fixed yield securities rose by 8 per cent. and 7 per cent. respectively as against 30 per cent. and 13 per cent. in 1943-44 (*vide* Statement XXIV). Compared with the somewhat irregular movement in the variable yield section, the quotations in the fixed yield section showed a consistently upward trend: a majority of these scrips being tax-free in this country investors have switched over to them to avoid taxation on dividends during the war and capital depreciation during the post-war period.

The following table based on the indices compiled by " Capital " (August 1939 = 100) shows the general trends in price movements during the last four years of the various groups of variable yield industrial securities.

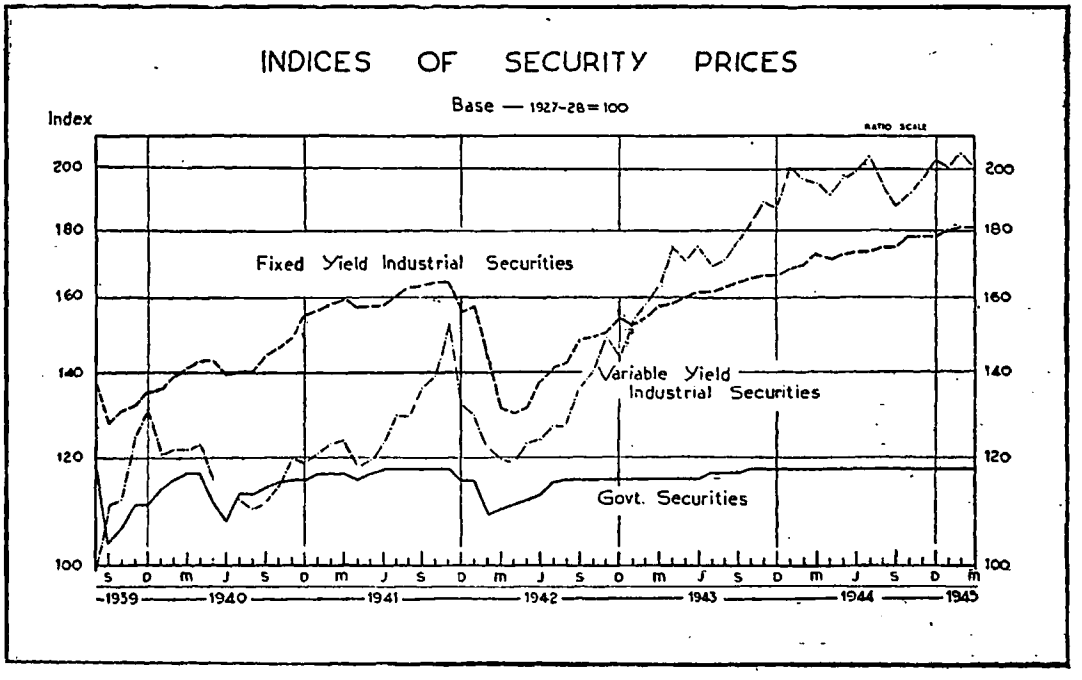
TABLE 24. TRENDS IN VARIABLE YIELD INDUSTRIAL SECURITIES

	1939 September	1941–42	1942–43	1943–44	1944–45
Banks	86·6	110·8	117·5	155·5	162·6
Cotton Mills	121·4	177·2	213·5	269·5	245·7
Coals	120·9	125·3	133·8	190·4	280·8
Jute Mills	130·7	129·8	131·9	170·0	206·6
Mining and Oil	131·2	104·6	106·8	155·2	163·4
Cement, Lime, etc.	103·7	125·7	158·1	200·0	210·5
Engineering and Metal Works ..	126·9	144·5	149·7	196·6	230·5
Tea shares	101·1	136·3	159·1	226·4	241·7
Paper Mills	138·9	251·4	291·1	398·3	410·9
Sugar shares	129·2	153·3	189·3	265·4	299·7
Others	122·4	156·1	167·8	199·6	242·6
Combined Index	**122·4**	**145·2**	**159·3**	**210·1**	**239·1**

As will be seen from the above table, all the groups, with the exception of cotton mill shares, showed increases in values during the year, the improvement being most marked in coal shares. The recession in cotton mill shares—the index number for which showed a decline of 9 per cent.—was influenced by a further tightening during the year of the Cotton Cloth and Yarn (Control) Order of 1943. Continued shortage of coal accounted for a large rise of 47 per cent. in the value of coal shares. Jute and engineering shares were next in order, with increases respectively of 22 per cent. and 17 per cent., while sugar and tea moved up by 13 per cent. and 7 per cent. respectively, the increases under the remaining groups ranging from 5 per cent. in bank shares to 3 per cent. in paper shares.

In April, the Japanese infiltrations into Assam accounted for a general decline in the share market, Tata Deferreds (which is one of the leading scrips illustrative of the general market movements) dropping from the high level of Rs.2,252-8-0 on the 20th March 1944 to Rs.1,967-8-0 by the middle of April. Insurance and bank shares showed a steep decline, following the accidental explosions and fires in the Bombay dock area on the 14th April. The latter half of April witnessed a general recovery, and during the succeeding three months up to July, the market assumed a distinctly upward trend. Tata Deferreds moved up to Rs.2,290 by the 3rd July, while insurance and bank shares also made up most of the early losses, confidence having been restored by the Government's announcement of a scheme of compensation in respect of the damage caused by the Bombay explosions. During August and September, prices suffered a general setback on news of continued Allied successes. The heavy selling pressure was particularly noticeable on the Madras stock exchange where the authorities, in order to avert a crisis, had to fix minimum prices for most of the scrips. Tata Deferreds which had closed at Rs.2,236-4-0 on the 31st July declined to Rs.2,018-12-0 by the 8th September. From October the quotations resumed their upward trend, the market appearing to have modified the peace psychology which had been dominating the trends earlier. Tata Deferreds after fluctuating widely touched a new high level of Rs.2,422-8-0 on the 9th January. A relapse soon followed and during the rest of the year the trend was bearish, apart from fluctuations about the time of the Central Budget proposals. Tata Deferreds declined sharply to Rs.2,240 on the 1st March and to Rs.2,028-12-0 on the 28th March,

closing for the year at Rs.2,082-8-0 as compared with the previous year's closing price of Rs.2,125-8-0. As already observed, the textile section did not follow the general trend of the market. Bombay Dyeings, one of the leading scrips in this section, was continually marked down during the first half of the year, the quotation dropping from Rs.2,122-8-0 at the end of 1943-44 to Rs.1,740 by the end of September 1944. A substantial improvement was in evidence during the third quarter, and the scrip recovered to Rs.1,907-8-0 by the end of December, but in January 1945 it again recorded a sharp decline, the quotation touching Rs.1,772-8-0 at the end of that month. The last two months of the year, however, witnessed a partial recovery, and the scrip closed for the year at Rs.1,833-12-0. The following graph based on the indices compiled by the Economic Adviser's Office depicts the movements during the war period in the prices of Government Securities, Fixed Yield Industrial Securities and Variable Yield Industrial Securities.



54. *Money Rates and Conditions.*—The changes in central bank discount rates reported during 1944 were reductions in Canada from 2½ per cent. to 1½ per cent. with effect from the 8th February 1944, in Portugal from 3 to 2½ per cent. on the 12th January 1944 and in Italy from 4½ to 4 per cent. on the 11th September 1944,* and increases in Rumania from 3 to 4 per cent. from the 8th May 1944, and in Greece from 6 to 11 per cent in December 1944. During the five years from 1939-1943, bank rates were lowered in twelve countries including the United States, Germany, France, Norway, Belgium, Hungary, Portugal, New Zealand, South Africa, Rumania, Peru and Costa Rica, while an increase was made only in three countries *viz.*, Sweden,

* The Commonwealth Bank of Australia issued on the 9th August 1944 an Order under the National Security (Economic Organisation) Regulations, reducing certain rates of interest. The maximum rate of interest on trading banks' advances was reduced from 5 to 4¾ per cent. Rates of interest on fixed deposits for 12 months or more were reduced by ¼ per cent. and on deposits for less than 12 months by ½ per cent. Rates on savings bank deposits over £500 were reduced by ¼ per cent. Reductions were also made in the maximum rates of interest on loans to local authorities, loans by building societies and loans by life assurance companies against life policies.

Netherlands, and Czechoslovakia. The trend towards cheap money conditions in the short-term loan markets therefore persists. The British and some Allied Governments have expressed their determination to continue to maintain cheap money after the war. The Canadian authorities while announcing the reduction of the rate explained that easy money policy pursued since 1935 had assisted recovery and facilitated adjustments required by the war and that the Bank intended to continue this policy.

In the United Kingdom, money conditions continued to be easy throughout the year. Day to day loans were available at $\frac{3}{4}$ per cent. while the average British Government treasury bill rates remained practically fixed during 1944-45, the minimum and maximum being 1·0 and 1·01 per cent.; and the rate for three months commercial paper (bank bills) also remained unchanged at 1·03 per cent.

Statement XXIII gives various money rates in India on the first day of each month of the year under report. Money conditions continued to remain easy throughout the year as in the previous year, with the inter-bank call money rate, for dealings between certain larger and particularly Exchange banks, in Calcutta and Bombay remaining unaltered at $\frac{1}{2}$ and $\frac{1}{4}$ per cent. respectively except for a brief period at the beginning of the financial year. The heavy demand for short-term funds which developed at the close of the last year partly on account of E.P.T. payments and partly owing to speculative activity following the developments on the Assam-Burma border, continued during the first half of April, and the call rate in Bombay rose to $\frac{1}{2}$ per cent. in the middle of that month. The temporary stringency was relieved, however, during the latter half of the month and the rate receded to $\frac{1}{4}$ per cent. in the first week of May and remained unchanged thereafter. The three and six months fixed deposit rates which were quoted by the larger scheduled banks at $\frac{1}{2}$—$\frac{3}{4}$ per cent. and 1—$1\frac{1}{4}$ per cent. respectively at the end of the last year eased to $\frac{1}{4}$—$\frac{1}{2}$ per cent. and $\frac{1}{2}$—$\frac{3}{4}$ per cent. in the last week of May but firmed up to $\frac{1}{2}$—$\frac{3}{4}$ per cent. and $\frac{3}{4}$—1 per cent. respectively at the beginning of October owing to the seasonal demand for funds, and continued at those levels till the end of the year. The twelve months' rate which was quoted at $1\frac{1}{2}$—$1\frac{3}{4}$ per cent. in the beginning of the year moved in a somewhat parallel manner to the shorter-term rates; it declined to $1\frac{1}{4}$—$1\frac{1}{2}$ per cent. in May but rose to $1\frac{1}{4}$—$1\frac{3}{4}$ per cent. in October, falling again to 1—$1\frac{1}{2}$ per cent. towards the close of the year. The average rate of three months Central Government treasury bills further declined from 0·90 per cent. in 1943–44 to 0·49 per cent. during the year. It touched the lowest level of 0·32 per cent. in March 1945.

55. *Consolidated Position of Scheduled Banks.*—Statement XXV shows the consolidated position of scheduled banks in India (excluding Burma) during the year under review and Statement XXVI gives the indices in respect of all the items of assets and liabilities included in Statement XXV.

On the liabilities side, the index of total demand and time liabilities (with the average of 1938-39=100) stood at 348 in February 1945, time liabilities having increased to 200 and demand liabilities to 471 and the ratio of demand to total liabilities having accordingly advanced from 55 per cent. on the average of 1938-39 to 74 per cent. in February 1945. The indices also bring out the interesting fact that during the first three years and a quarter to December 1942, while demand deposits rose by over 160 per cent., time deposits hardly registered any increase

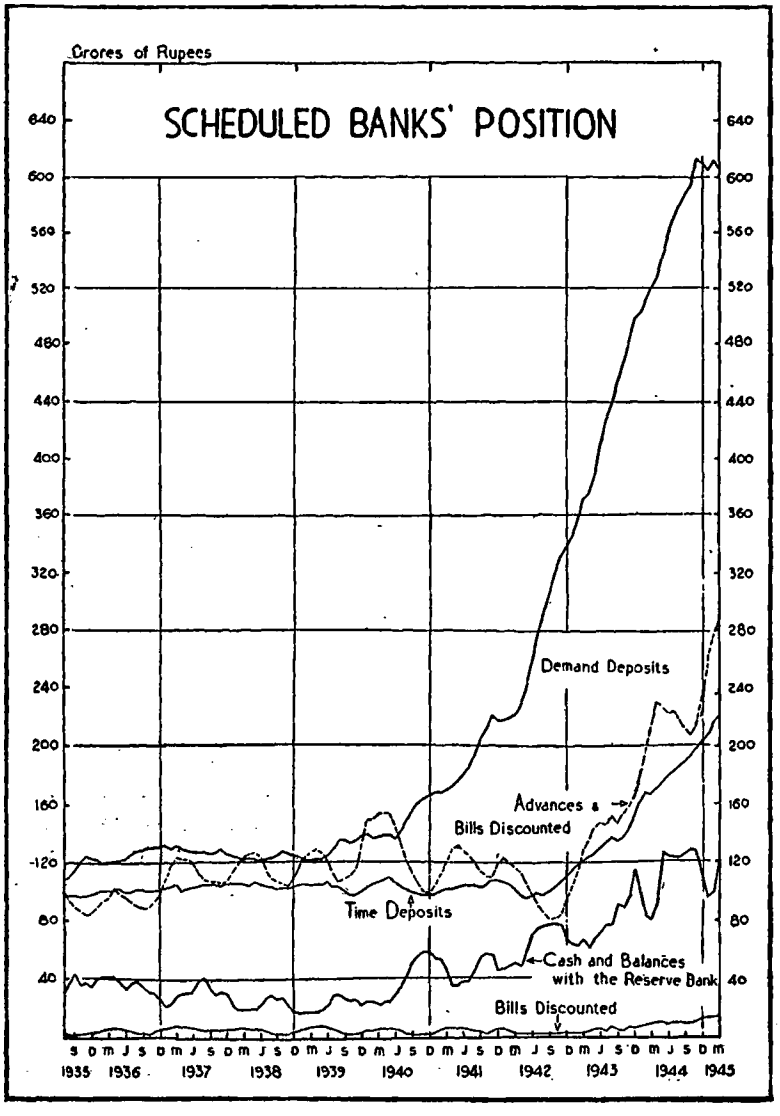
at all, their index being 97 during 1942-43 and 102 in December 1942. A perceptible rise in time liabilities started from December 1942, though the rise in demand liabilities also continued at an equal or somewhat larger rate until October 1943, when the highest proportion of demand to total liabilities was reached at 77·3. During the last one year and a half this proportion declined and was 73·3 in March 1945, the rate of increase of time liabilities being greater than of demand liabilities, the index of the former having advanced from 127 to 204, and that of the latter from 358 to 465. These trends suggest that, for the first time since the beginning of war, a preference of time over demand liabilities has been at work during recent months, and the rate of growth of inflationary potential has been reduced. The tendency would appear to show an increasing public confidence in the general economic situation and financial and economic stability.

On the assets side, the two groups of items in regard to which information is available are cash and balances with the Reserve Bank and advances and bills discounted. As regards the group of cash and balances, it appears generally that the rate of increase in balances with the Bank has been larger, and more erratic and that in cash steadier. The peak points of the scheduled banks' balances with the Bank were touched in December 1943 and May and October 1944, with balances at Rs.92·84 crores (index 582), Rs.100·79 crores (index 632) and Rs.102·59 crores (index 644). The relative proportion of cash and balances to total demand and time liabilities which was 9·5 per cent. on an average during 1938-39 almost doubled and touched its highest point at 17·9 per cent. during December 1943. The rise started in the last quarter of 1942, when the usual seasonal ups and downs were replaced by an almost consistent upward trend, the decline in the busy seasons being smaller and the rise in the slack season becoming more pronounced than normally. The reflex of the movements in cash and balances was for a long time represented by advances and bills discounted. As will appear from the figures and the graph on page 78 advances and discounts showed converse movements to those of cash and balances until September 1942, super-posed over a falling general trend of the former and a rising tendency in the latter. By then the decline in advances and discounts was definitely over and a continuous upward trend started, which was arrested or slightly reversed only for brief periods. Altogether, advances and bills discounted rose from Rs.80·12 crores in September 1942 to the considerable level of Rs.287·72 crores in March 1945, a rise of 259 per cent., their percentage to total demand and time liabilities increasing from 19·6 to 34·9. The average percentage for the year, however, was 30·2 in 1944-45 as against 27 in 1943-44 and 23·8 in 1942-43, and was still far below the pre-war percentage of 50·8 or the percentages during the early war years. The rise was largely a part of the general inflationary marking up of values (including the rise of prices) and of all monetary indices (including currency and bank deposits) since the definite intensification of the war economic effort in 1942 ; by then, also, the decline in private and civilian sectors of the economy leading to a contraction in the civilian demand for advances may have touched the bottom, while the rate of such demand on account of industrial and commercial activity associated with the prosecution of war entered upon a definitely ascending phase.

56. *Clearing House Statistics.*—Statement XXVII shows the amount of cheques cleared through the more important Clearing Houses in India and Burma since 1918-19. The total amount of cheques cleared increased from Rs.45,79 crores in 1943-44 to Rs.56,15 crores in 1944-45. Out of the increase of Rs.10,36 crores

Calcutta and Bombay together accounted for Rs.9,03 crores. With the pre-war year 1938-39 as base, the index numbers of the value of cheques cleared during the last five years are 109·4, 138·6, 148·7, 228·6 and 280·3 respectively. Of the total value of cheques cleared in India during the year 1944-45, Bombay and Calcutta handled about 40 per cent. and 42 per cent. respectively. Statement XXVIII gives the monthly figures of the number and amount of cheques cleared in 1944-45 including twelve Clearing Houses in smaller centres managed by the Imperial Bank of India. It will be noticed that the increase in the amount of cheques passed through the Clearing Houses was proportionately greater than the increase in their number.

It is not possible to determine accurately the turnover of bank deposits in India but a comparison of the ratio of clearings to scheduled bank liabilities furnishes an approximate and general idea of changes in the activity of bank deposits. The table below indicates that the main decline in the velocity of circulation of deposit



currency had occurred by 1942-43, since when no appreciable further fall in the multiple of clearings to demand deposits has taken place.

Year	Average Demand Liabilities of Scheduled Banks*	*Indices*	Total Clearing House Returns*	*Indices*	Number of times 4 to 2
(1)	(2)	(3)	(4)	(5)	(6)
1938–39 ..	123·8	*100*	1,893	*100*	15·3
1939–40 ..	132·6	*107*	2,221	*117*	16·7
1940–41 ..	155·8	*126*	2,030	*107*	13·0
1941–42 ..	200·1	*162*	2,575	*136*	12·9
1942–43 ..	306·3	*247*	2,816	*149*	9·2
1943–44 ..	456·6	*369*	4,281	*226*	9·4
1944–45 ..	584·8	*472*	5,279	279	9·0

* In crores of rupees.

57. *Internal Remittances.*—Statement XXIX(A) shows remittances during the year by telegraphic transfers both issued and encashed at the offices and branches of the Reserve Bank of India according to circles. Statement XXIX(B) gives the transfers of funds by demand drafts, telegraphic transfers and mail transfers through the Imperial Bank of India on their own account. Statement XXIX(C) shows the share of the general public, the scheduled and non-scheduled banks, the co-operative banks and societies and Government in the remittances by telegraphic transfers, drafts and mail transfers effected through the Reserve Bank of India, the Imperial Bank of India and Treasury agencies together for each of the half-years ended September 1943, March 1944 and September 1944.

(A) Telegraphic transfers issued at the offices of the Reserve Bank of India increased during the year by 5·3 per cent. only as against an increase of 45·6 per cent. last year. (B) The total remittances through the Imperial Bank of India declined by 5 per cent. largely due to a fall in the remittances between Bombay and Bengal and within the Bombay circle, as a result partly of the restrictions imposed by the Central Government on the movement of cotton cloth and yarn and partly of the increase in the number of other banking institutions and keen competition from them. Remittances within the Bengal and Madras circles, however, showed an increase over the previous year. (C) The total remittances through the Reserve Bank of India, Imperial Bank of India and Treasury agencies during the half-year ended 30-9-44 on account of the general public showed a decline over the two previous half-years while those on account of co-operative banks and societies showed a decline as compared with the second half of the previous year but an increase over the corresponding period of the previous year. Remittances on account of the Government continued to increase as in the previous year. The aggregate number of transactions showed a decline. The amount of remittances by telegraphic transfers during the half-year ended 30-9-44 showed an increase as compared with the two previous half-years while the amount of remittances by drafts and mail transfers during the first half of the year was lower than during the latter half of 1943-44 but was higher than during the corresponding period of the previous year. The total amount of remittances during this period stood higher at Rs.607·89 crores as compared with Rs.579·53 crores during the previous half-year and Rs.579·36 crores during the corresponding period, last year. Of the total remittances during the first half of 1944-45, the shares of the scheduled banks, general public, Government and Co-operative banks and societies were 59·1 per cent., 20·2 per cent., 7·8 per cent. and 2·3 per cent. respectively.

It appears that the new scheme of remittance facilities is being availed of by the scheduled banks to a larger extent than by either the public or the co-operative societies or by other banks on the approved list (*vide* Appendix). Since the rates are more favourable for remittances of over Rs.5,000, the largest number and amount of drawings are in the form of telegraphic transfers, mail transfers and demand drafts for amounts over Rs.5,000. The increase in the issue of Government drafts is explained by the growing military expenditure, the Government's compulsory levy and purchase of foodgrains and the discontinuance of the issue of cash orders.

58. *Encashment of Foreign Circle Notes.*—Statement XXX shows the encashment of foreign circle notes in 1944-45. The total encashments during the year were higher at Rs.38·24 crores as against Rs.23·96 crores in 1943-44. As pointed out in last year's Report, the increase in the amount of foreign circle notes encashed this year also appears to be due to an increased volume of commercial transactions effected on a cash basis, the large scale purchases by army contractors, and transfers of funds from one centre to another by military field cashiers.

59. *Reserve Bank of India : Banking Department.*—Statement XXXI shows the monthly averages of the liabilities and assets of the Banking Department of the Reserve Bank of India for each month during the year along with their annual averages for the ten years 1935-36 to 1944-45. Statement XXXII gives weekly (Friday) figures for 1944-45.

The average deposits of banks with the Reserve Bank of India in 1944-45 advanced further to Rs.90·57 crores from Rs.64·69 crores in 1943-44. The minimum and maximum deposits during the year stood higher at Rs.51·26 crores on the 7th April 1944 and Rs.113·10 crores on the 3rd November 1944 respectively as against Rs.41·08 crores on the 2nd April 1943 and Rs.98·16 crores on the 17th December 1943 respectively. The balances which amounted to Rs.49·92 crores on the 31st March 1944, rose almost continuously till they reached Rs.113·10 crores on the 3rd November 1944. Owing partly to the seasonal trade demand for funds, they declined thereafter to Rs.67·27 crores at the end of January 1945, but rose again to Rs.85·46 crores by the close of the year.

The deposits of the Central and other Governments with the Reserve Bank were considerably higher on an average during the year at Rs.179·50 crores as against Rs.42·47 crores in 1943-44, and reached the record figure of Rs.294·20 crores on the 26th January 1945. The highest and the lowest balances of the Central Government during the year were Rs.272·35 crores on the 26th January 1945 and Rs.56·79 crores on the 9th June 1944. The reasons for the remarkable increase in the amount of Government deposits have been indicated in paragraph 37 on Government balances.

On the assets side, the average cash balances rose from Rs.10·67 crores last year to Rs.11·19 crores. The average balances held abroad including cash and short-term investments in sterling securities showed a further steep rise from Rs.111·72 crores to Rs.277·28 crores. The increase represented the excess of receipts of sterling from the Central Government over the transfers to the Issue Department as cover for increases in the note issue.

The average of loans and advances to Governments declined further, from Rs.49 lakhs to Rs.43 lakhs, the highest amount under this head being Rs.1·61 crores on the 21st April 1944. The average investments of the Banking Department increased from Rs.7·61 crores to Rs.13·13 crores being the highest since 1935. The average of other loans and advances, comprising advances to scheduled banks and co-operative banks, dropped from Rs.15 lakhs to Rs.11 lakhs during the year under review, the highest amount reached being Rs.93 lakhs on the 7th April 1944. The average of bills purchased and discounted, mainly treasury bills, on the other hand rose from Rs.91 lakhs in 1943-44 to Rs.1·46 crores in 1944-45, the highest amount being Rs.6·60 crores on the 2nd February 1945.

60. *Reserve Bank of India : Issue Department.*—Statement XXXIV shows the monthly averages of the liabilities and assets of the Issue Department of the Reserve Bank of India for each month of the year together with their annual averages since the commencement of the operations of the Bank in 1935, while Statement XXXIII gives weekly (Friday) figures in respect of these for 1944-45. Statement XXXV shows notes in circulation in India and Burma as on the last Friday of each month since April 1939.

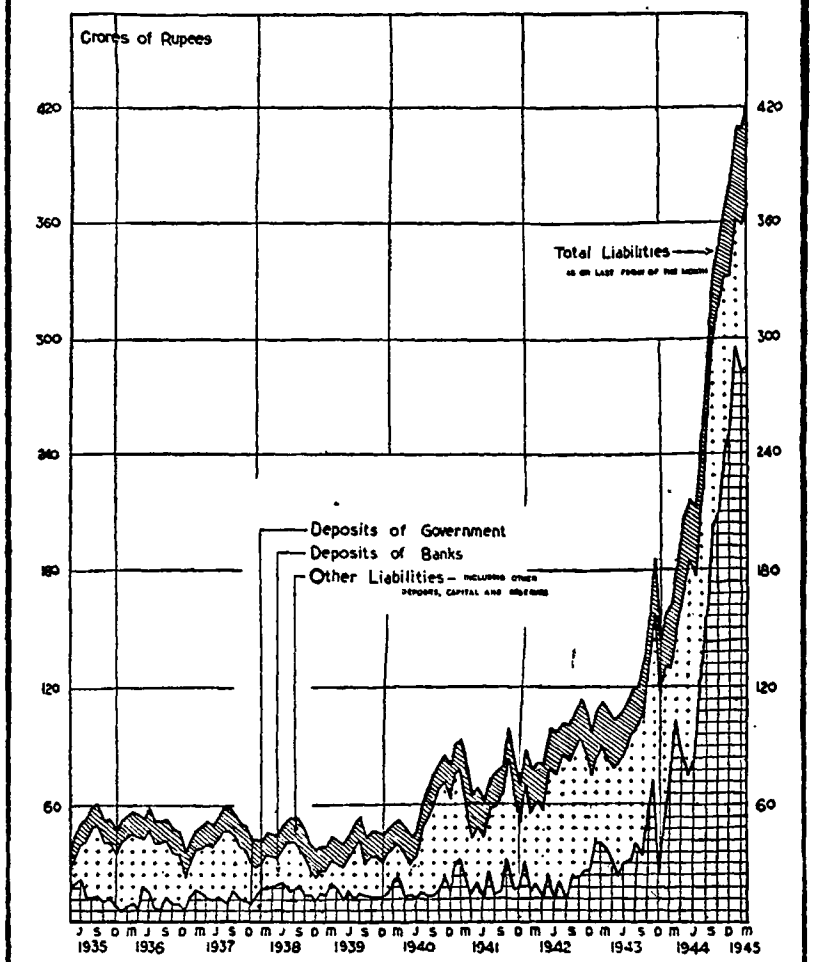
Notes in circulation (excluding Burma notes) increased further by Rs.202·39 crores or by 22·93 per cent. from Rs.882·49 crores on the 31st March 1944 to Rs.1,084·88 crores on the 30th March 1945. The total notes issued stood at Rs.1,094·66 crores at the end of 1944-45 as compared with Rs.894·84 crores at the end of the previous year, showing an increase of 22·33 per cent.

On the assets side, gold coin and bullion remained unchanged at Rs.44·42 crores, their percentage to total notes issued further declining from 4·96 to 4·05. The valuation of the gold holding continued to be based on the statutory rate of Rs.21-3-10 per tola while the market rate for gold stood at Rs.75-5-0 on the 31st March 1945. As in the previous year the Bank's holdings of the sterling securities increased continuously and stood at Rs.978·32 crores on the 30th March 1945 as compared with Rs.779·83 crores on the 31st March 1944. The percentage of sterling securities to total notes issued rose to 89·37 at the end of the year from 87·15 at the end of 1943-44 ; the percentage of gold and sterling securities together to total notes issued stood at 93·43 at the end of the year as compared with 92·11 on 31st March 1944.

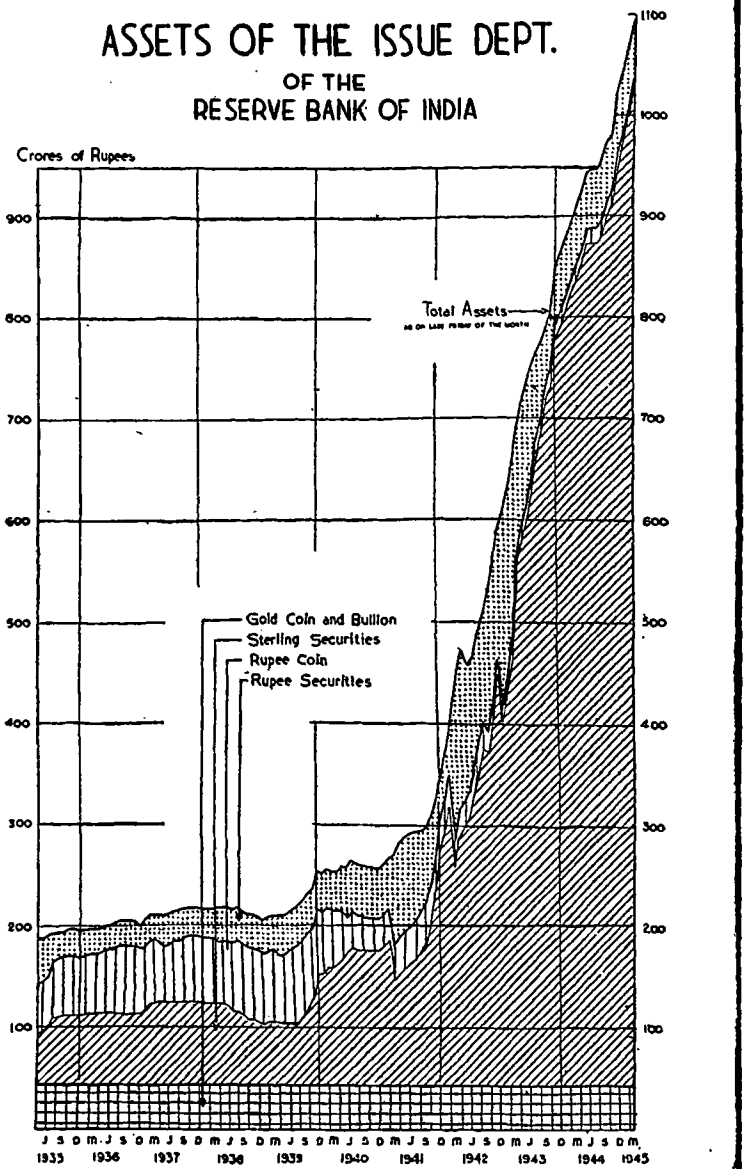
Rupee securities which stood at Rs.58·33 crores on the 31st March 1944 recorded a slight decline to Rs.57·84 crores on the 30th June 1944 and remained unchanged at that level thereafter. The holding of rupee coin (including one rupee notes) fluctuated between Rs.16·15 crores and Rs.10·47 crores and stood at Rs.14·08 crores on the 30th March 1945.

The graphs on page 82 illustrate the relative movements in the various components of the assets of the Issue Department and the liabilities of the Banking Department of the Reserve Bank of India ; the liabilities of the Issue Department are made up entirely of notes issued and the assets of the Banking Department are composed mostly of (sterling) balances held abroad ; a graph of combined assets and liabilities of the Bank is also given on page 83 for studying the Bank's over-all position. The figures below bring out the direction and extent of changes in the principal items of liabilities and assets of the Bank on a combined basis.

LIABILITIES OF THE BANKING DEPT.
OF THE
RESERVE BANK OF INDIA


Crores of Rupees
420
360
300
240
180
120
60
Total Liabilities
Deposits of Government
Deposits of Banks
Other Liabilities
J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945

ASSETS OF THE ISSUE DEPT.
OF THE
RESERVE BANK OF INDIA


Crores of Rupees
1100
1000
900
800
700
600
500
400
300
200
100
Total Assets
Gold Coin and Bullion
Sterling Securities
Rupee Coin
Rupee Securities
J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945

LIABILITIES AND ASSETS OF THE RESERVE BANK OF INDIA

ISSUE AND BANKING DEPTS. COMBINED

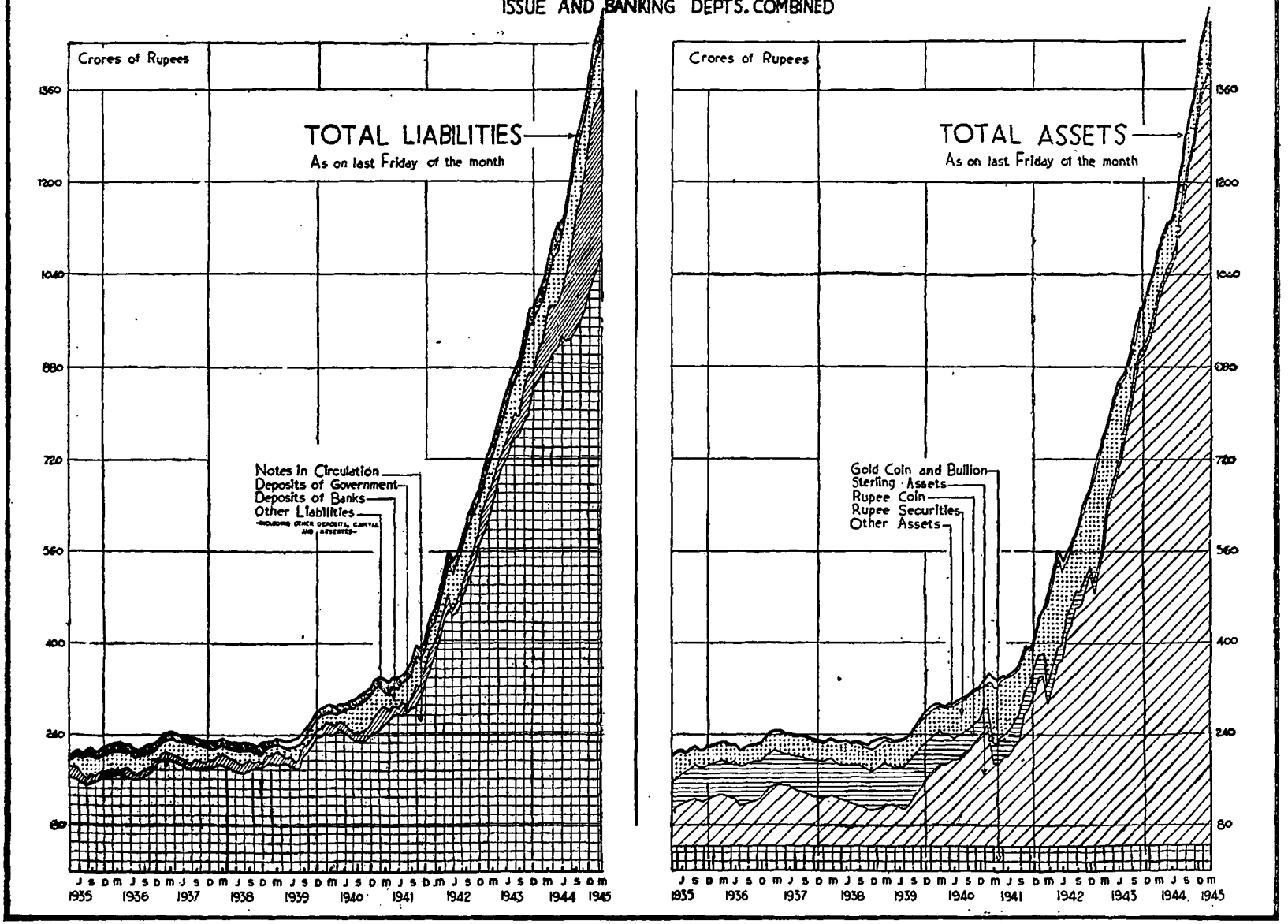

Crores of Rupees
TOTAL LIABILITIES
As on last Friday of the month
Notes in Circulation
Deposits of Government
Deposits of Banks
Other Liabilities
1360
1200
1040
880
720
560
400
240
80
J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945
Crores of Rupees
TOTAL ASSETS
As on last Friday of the month
Gold Coin and Bullion
Sterling Assets
Rupee Coin
Rupee Securities
Other Assets
1360
1200
1040
880
720
560
400
240
80
J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945

TABLE 25. RELATIVE CHANGES (INCREASE OR DECREASE) IN CERTAIN ITEMS OF ASSETS AND LIABILITIES OF THE RESERVE BANK

(In crores of rupees)

End of month : change over previous date

	March 1940*	March 1941	March 1942	March 1943	March 1944	March 1945
Note circulation :						
Increase over previous date ..	+60	+19	+152	+234	+239	+202
Progressive increase	..	+79	+231	+465	+704	+906
Deposits :						
Increase over previous date ..	— 2	+23	..	+24	+ 79	+226
Progressive increase	..	+21	+21	+45	+124	+350
Total Sterling Assets :						
Increase over previous date ..	+75	+ 3	+104	+261	+437	+417
Progressive increase	..	+77	+182	+443	+880	+1,297
Total Rupee Coin :						
Increase over previous date ..	—20	—21	— 7	— 13	— 2	+ 2
Progressive increase	..	—41	— 48	— 61	— 63	— 61
Total Rupee Securities :						
Increase over previous date ..	+ 2	+49	+ 53	+ 32	—113	+ 9
Progressive increase	..	+51	+104	+136	+ 23	+ 32

* Change over August 1939.

Upto the end of 1941-42, the addition to the note circulation was greater than the net accumulation of sterling assets, and was partly backed by additions to rupee securities rendered necessary by the utilisation of considerable amounts of sterling in debt repatriation. During 1942-43 the accumulation of sterling assets began to outpace the progressive net increase in note circulation while the amount of rupee securities held also continued to increase. By the end of 1942-43, the progressive addition to the note circulation (since the beginning of war) corresponded more or less to the net accretion of sterling. During the last two years the additions to the note circulation are considerably less than the net additions to sterling assets, and there has been appreciable replenishment of the (cash) balances of the Government and the banks with the Reserve Bank.

61. *Banking Legislation.*—A bill to consolidate and amend the Law relating to banking companies, the Banking Companies Bill, 1945, was introduced in the Legislative Assembly by the Finance Member on the 16th November 1944 and a motion for the reference of the Bill to a Select Committee of the Legislative Assembly, was adopted by the Assembly on the 11th April 1945. In addition to the provisions (with certain modification) of Part XA of the Indian Companies Act the Bill includes several new provisions designed to safeguard the interests of the depositors and to ensure the development of banking on sound lines. Fuller information on the subject is given in the Annual Report of the Directors for the year ended the 30th June 1945.

VII. CURRENCY

A. CIRCULATION AND ABSORPTION

62. *Circulation and Absorption of Notes.*—Statement XXXVI shows the year-end figures and annual averages of the total notes (excluding Government of India one rupee notes) issued and in circulation since the quinquennium ended 1913-14 together with the percentage annual rise or fall in the circulation. Burma notes have been shown separately for the years 1937-38 to 1941-42. Note circulation registered a further increase in 1944-45, though the rate of expansion declined as in the last year despite the sustained tempo of the country's war effort. The annual rate of increase fell to 23 per cent. as against 37 per cent. in 1943-44 and 69 per cent. in 1942-43, which was the highest rate of rise in note circulation. The circulation increased from Rs.882·49 crores at the end of 1943-44 to Rs.1,084·88 crores at the end of 1944-45. The total amount of notes legal tender in India stood at Rs.1,094·66 crores at the end of 1944-45 compared with Rs.894·84 crores at the end of the previous year, while the average circulation for the year worked out at Rs.968·69 crores as against Rs.777·17 crores during 1943-44. Of the total absorption of Rs.912·52 crores of notes since the 1st September 1939, when the circulation in India stood at Rs.172·36 crores, the year under review accounted for Rs.202·39 crores or 22 per cent. as compared with 26 per cent. in 1943-44 when Rs.238·91 crores of notes were absorbed.

There was a net absorption of notes during all the months of 1944-45 except in July when for the first time since July 1941 a net return (of Rs.9·41 crores) was recorded. The average monthly absorption declined to Rs.16·87 crores from Rs.19·91 crores in 1943-44 and Rs.21·82 crores in 1942-43, the peak year of absorption. As usual the maximum absorption occurred in December at Rs.36·51 crores as against Rs.46·43 crores in December 1943 and Rs.30 crores in December 1942. During the first half of the year the increase in circulation was relatively moderate averaging Rs.9·79 crores per month as against Rs.19·35 crores during the corresponding period of 1943-44; the second half or the busy season, however, witnessed a pronounced rise in the absorption with a monthly average of Rs.23·94 crores, which was nearly two and a half times that in the first half and compared with Rs.20·47 crores and Rs.25·17 crores respectively during the corresponding halves of 1943-44 and 1942-43. The slower rate of expansion as a whole during the year under review may be attributed to vigorous loan and taxation programmes (cf: reasons for high Government balances) and official sales of bullion.

63. *Absorption of Rupees.*—The demand for rupee coin (including Government of India one rupee notes) showed a further fall during the year under review, the decline in the rate of absorption being more marked than in the case of notes: the absorption stood at Rs.10·05 crores compared with Rs.25·60 crores in 1943-44 and the record figure of Rs.44·93 crores in 1942-43. There was a return of rupee coin during July, August and November 1944 of Rs.1·65 crores, Rs.1·29 crores and Rs.0·75 crores respectively as against a return of Rs.12 lakhs for the single month of September 1943 during the previous year. The increase in circulation during the first half of the year amounted to Rs.2·35 crores and during the second half to Rs.7·70 crores, the corresponding figures for 1943-44 being Rs.10·68 crores and Rs.14·92 crores respectively.

With the cessation of the legal tender character of the standard coin with effect from the 1st November 1943, the quaternary rupees and Government of India one rupee notes constitute as from that date the total amount of rupee coin in circulation. The aggregate amount in circulation of Government of India one rupee notes and quaternary rupees (first issued in July and December 1940 respectively) stood at Rs.123·81 crores at the end of October 1943. The circulation of rupee coin rose to Rs.137·33 crores at the end of 1943-44 and to Rs.147·38 crores at the end of 1944-45.

While the metallic coin continued to be in demand in the interior, a marked partiality for the more convenient and handy one rupee note was in evidence in urban areas and to an extent in certain mofussil parts ; with restricted issues of one rupee notes, however, the demand for quaternary rupees stepped up from about the middle of the year.

During the year the Bank received from the Government of India, one rupee notes and coin on three occasions to the extent of Rs.15 crores in all under Section 36 of the Reserve Bank of India Act as amended in July 1940 against credits to Central Government.

In order to remove possible misapprehension in regard to demonetisation of standard silver coin, Government issued a press note in November 1944 stating that as standard silver rupees and half rupees of 11/12th fineness had ceased to be legal tender it was neither illegal nor improper to hoard them or to melt them for sale as bullion ; the selling of these coin at a value other than the face value was likewise not an offence. Standard silver coin which have ceased to be legal tender are accepted at the Bombay mint for refining like other silver bullion, and fine silver bars (999 fineness) issued in exchange after payment of the usual refining charges of Rs.2-8-0 per 100 tolas gross weight, the minimum quantity for acceptance being 3,500 tolas.

64. *Absorption of Small Coin.*—Statement XXXVII shows the annual absorption of small coin by denominations for each of the years 1919-20 to 1944-45 and average annual absorption for the last war and pre-war quinquenniums. Unlike notes and rupee coin, the demand for small coin continued unabated during 1944-45 and greater quantities were absorbed than in any previous year. It was possible to meet the steady and persistent demand in a fuller measure owing to larger and more regular supplies from the mints. The maintenance of adequate balances of small coin at the several depots, Treasuries and branches of the Imperial Bank of India and ampler issues to banks, institutions and the public generally ensured a free flow of small change in circulation during the year. The position was thus restored to normal excepting in some outlying parts of the country like Cutch and Kathiawar without small coin depots or Treasuries. The absorption of small coin during the year under review stood at the record figure of Rs.19·20 crores as compared with Rs.18·46 crores in 1943-44, Rs.11·64 crores in 1942-43, Rs.5·06 crores in 1941-42 and Rs.2·21 crores in 1939-40, and accounted for 31·3 per cent. of the total absorption of Rs.61·28 crores since the 1st September 1939. The absorption during the second half of the year, which generally coincides with the busy season, was for the first time during the war smaller at Rs.8·64 crores as against Rs.10·56 crores in the first half, the figures for 1943-44 being Rs.10·28 crores and Rs.8·18 crores for the second and first halves respectively ; this possibly indicates the beginning of a decline in the rate of absorption. The monthly absorption ranged between Rs.2·05 crores in May 1944 and Rs.1·33 crores in February 1945. The following table gives the absorption of small coin by denominations during the war as compared with the pre-war year 1938-39.

TABLE 26. WARTIME ABSORPTION OF SMALL COIN BY DENOMINATIONS.

(In lakhs of rupees)

Denominations	1938-39	1939-40	Sept. 1939 to March 1940	1940-41	1941-42*	1942-43†	1943-44†	1944-45†	Sept. 1939 to March 1945
I SILVER									
8 annas	2	60	77	1,53	1,57	3,82	5,41	5,51	**18,61**
4 ,, ...	— 5	31	43	1,02	1,29	2,97	5,19	5,41	**16,31**
Total Silver Coin.	— 3	91	1,20	2,55	2,86	6,79	10,60	10,92	**34,92**
II NICKEL									
4 annas	— 4	8	15	..	— 2	— 10	— 2	— 1	..
2 ,, ...	4	48	58	72	88	2,22	3,34	3,07	**10,81**
1 anna	6	51	53	76	99	2,02	3,11	3,43	**10,84**
½ ,, ...	..	..	..	..	4	57	1,14	1,30	**3,05**
Total Nickel Coin	6	1,07	1,26	1,48	1,89	4,71	7,57	7,79	**24,70**
III COPPER									
Pice	14	21	16	23	29	13	29	49	**1,59**
Half Pice ..	1	1	1	1	1	..	..	..	**3**
Pie Pieces ..	1	1	1	1	1	1	..	..	**4**
Total Copper Coin	16	23	18	25	31	14	29	49	**1,66**
IV Total Small Coin	**19**	**2,21**	**2,64**	**4,28**	**5,06**	**11,64**	**18,46**	**19,20**	**61,28**

* Excluding Burma for February and March 1942. † Excluding Burma.

With the exception of pice pieces whose absorption increased by 69 per cent. from Rs.29 lakhs to Rs.49 lakhs, the absorption of small coin of most denominations during the year was only slightly greater than in 1943-44 ; the only denomination which showed a smaller absorption than during the previous year was the nickel 2 anna piece, net issues of which were Rs.3·07 crores during the year as compared with Rs.3·34 crores in 1943-44. Silver accounted for 56·9 per cent., nickel for 40·6 per cent. and copper for 2·5 per cent. of the issues respectively during the year.

Although the total output and issues of small coin during 1944-45 exceeded those of the previous year, there were signs of a gradual falling off in demand during the closing months of the year. The mintage of small coin amounted to 2,143 million pieces in 1944-45 as against 1,836 million pieces in 1943-44 and 963 million pieces in 1942-43. By the end of the financial year the mints were able to curtail production as they held fairly adequate stocks of most denominations. As compared with the peak of 219 million coins in August 1944, the combined output of the three mints declined to 190 million in February 1945 and was 199 million in March 1945.

The issues of small coin in the different circles during the last three years are shown in the table below.

TABLE 27. ABSORPTION OF SMALL COIN BY CIRCLES.

(In thousands of rupees)

Circle	1942-43	1943-44	*Percentage increase over 1942-43*	1944-45	*Percentage increase (+) or decrease (—) over 1943-44*
Bombay	3,61,11	5,82,85	*+61·4*	4,67,75	*—19·7*
Calcutta	4,36,53	6,43,36	*+47·4*	7,60,81	*+18·3*
Cawnpore	1,35,34	2,50,27	*+84·9*	3,06,94	*+22·6*
Karachi	20,42	33,94	*+66·2*	26,71	*—21·3*
Lahore	71,48	1,37,13	*+91·8*	1,69,24	*+23·4*
Madras	1,38,70	1,98,71	*+43·3*	1,88,93	*— 4·9*
**Total	**11,63,58**	**18,46,26**	**+58·7**	**19,20,38**	**+ 4·0**

Of the total absorption of Rs.19·20 of crores small coin Bombay and Calcutta accounted for Rs.12·29 crores or 64 per cent. the share of Calcutta being the largest at 39·6 per cent. The intensity of demand varied as between different circles, the absorption in Karachi, Bombay and Madras circles being lower and in Lahore, Cawnpore and Calcutta higher than in the previous year.

65. *Total Absorption of Currency.*—Statement XXXVIII gives the annual absorption of notes, rupee coin and small coin since 1914-15. Statement XXXIX gives similar figures on a monthly basis for 1944-45 and 1943-44. The total absorption of currency including small coin during the year was lower at Rs.231·64 crores as against Rs.282·97 crores in 1943-44 and compared with the aggregate total absorption of Rs.199·10 crores during the whole of the last war period between 1914-15 and 1918-19. The following table gives the wartime absorption of currency since September 1939.

TABLE 28. WARTIME ABSORPTION OF CURRENCY.

(In lakhs of rupees)

	Notes	Rupee Coin	Small Coin	Total
September 1939 to March 1940 ..	59,66	19,55	2,64	**81,85**
April 1940 to March 1941	19,11	33,23	4,28	**56,62**
„ 1941 „ 1942	152,40	7,18	5,06†	**164,64**
„ 1942 „ 1943*	261,85	44,93	11,64	**318,42**
„ 1943 „ 1944*	238,91	25,60	18,46	**282,97**
„ 1944 „ 1945*	202,39	10,05	19,20	**231,64**
Total ..	**934,32**	**140,54**	**61,28**	**1,136,14**

* Excluding Burma. † Excluding Burma for February and March 1942.

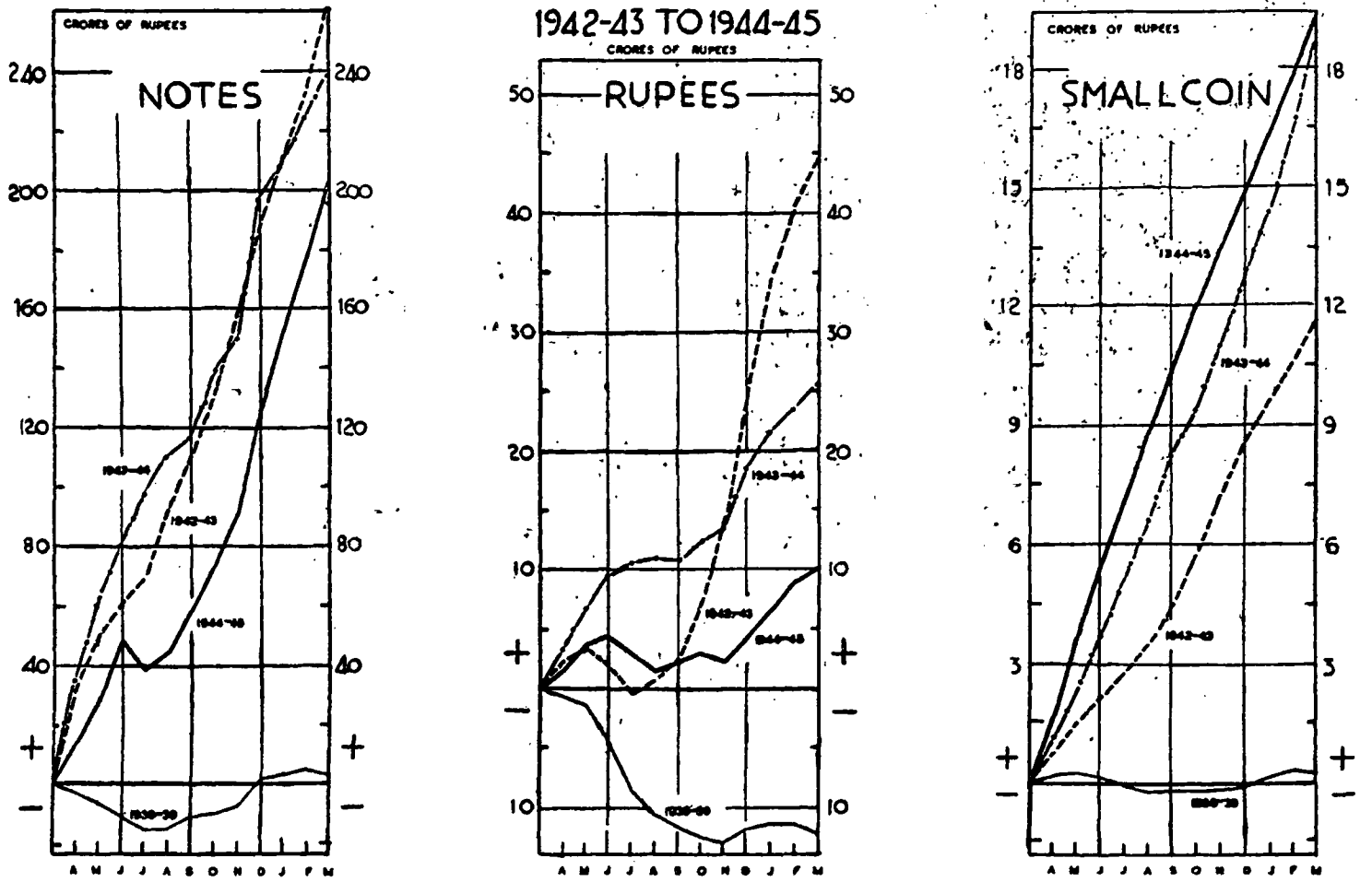
Of the total wartime absorption of currency of Rs.1,136·14 crores to the end of 1944-45, notes accounted for Rs.934·32 crores or 82 per cent., rupee coin for Rs.140·54 crores or 12 per cent. and small coin for Rs.61·28 crores or 6 per cent.

The accompanying two graphs bring out the trends in the wartime absorption of currency referred to above. The graph at page 89 shows absorption during the years 1942-43 to 1944-45 separately for (*i*) notes, (*ii*) rupees and (*iii*) small coin. The linear diagram in the second graph at page 90 shows the progressive absorption of notes, rupees and small coin since the beginning of the war, while the bar diagram depicts the absorption month by month, for the entire period of the war, of notes, rupees and small coin separately.

66. *Seasonal Movements of Currency.*—The normal seasonal variations in the absorption of currency reflect the incidence of the busy and slack seasons. Under prevailing conditions, the seasonal ebb and flow of currency has, however, been appreciably smoothened out and occasionally overborne by the steady demand for additional currency arising from the sustained level of Governmental expenditure and war economic activity. The table on page 91 shows the seasonal fluctuations in the demand for currency from 1939-40, the period September to February being regarded as the busy season and March to August as the slack season.

ABSORPTION OF NOTES, RUPEES AND SMALL COIN

1942-43 TO 1944-45



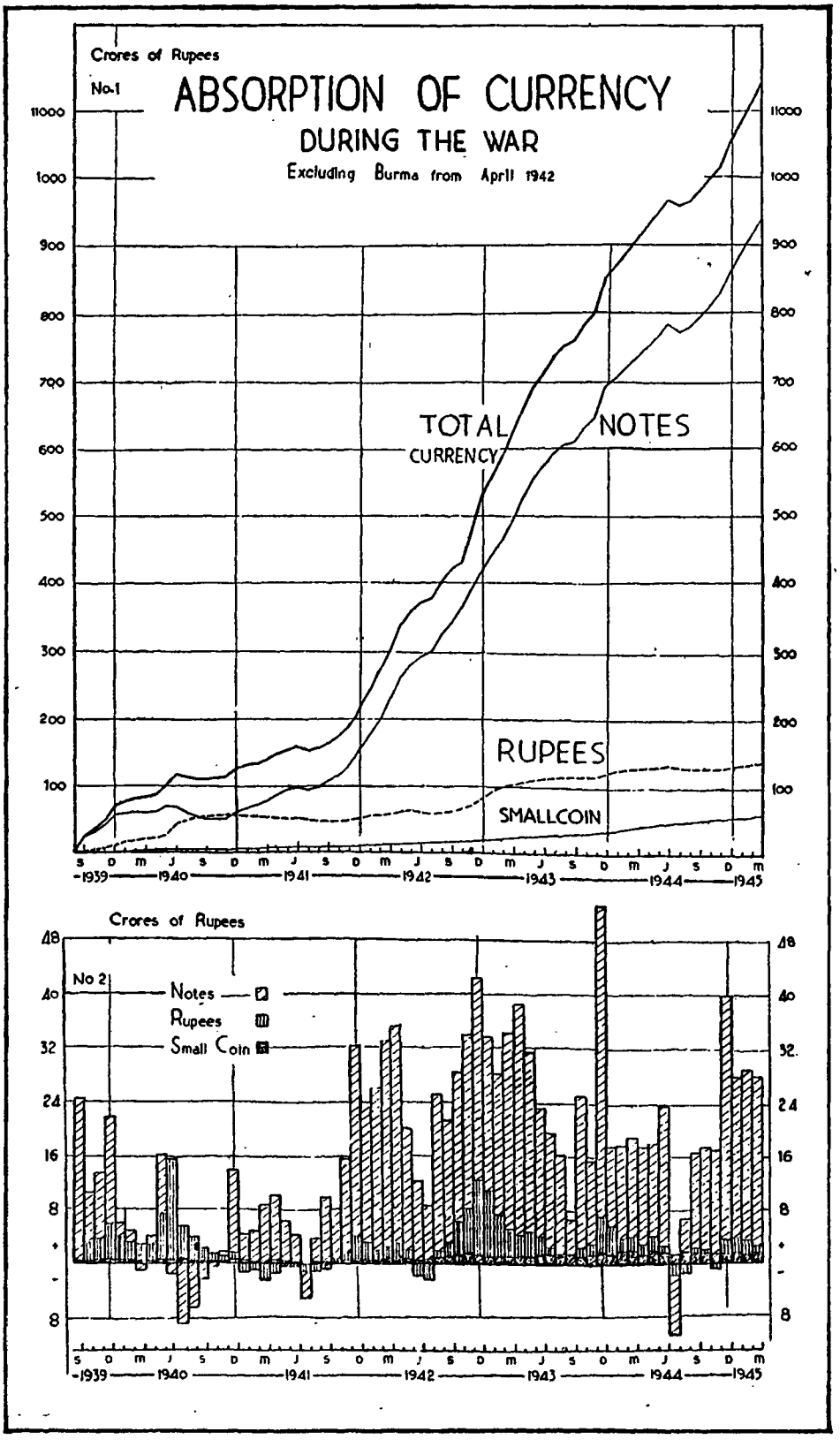

Crores of Rupees
No.1
ABSORPTION OF CURRENCY
DURING THE WAR
Excluding Burma from April 1942
TOTAL CURRENCY
NOTES
RUPEES
SMALLCOIN
11000
1000
900
800
700
600
500
400
300
200
100
S O M J S D M J S D M J S D M J S D M J S D M
1939 1940 1941 1942 1943 1944 1945
Crores of Rupees
No 2
Notes
Rupees
Small Coin
48
40
32
24
16
8
+
-
8
S O M J S D M J S D M J S D M J S D M J S D M
1939 1940 1941 1942 1943 1944 1945

TABLE 29. SEASONAL DEMAND FOR CURRENCY.

(In lakhs of rupees)

	Slack Season (March to August)			Busy Season (September to February)		
	Notes	Rupee Coin	Total	Notes	Rupee Coin	Total
1939-40	— 12,32	—10,74	— 23,06	60,66	17,21	77,87
1940-41	— 8,06	35,52	27,46	17,99	2,32	20,31
1941-42	27,11	— 6,08	21,03	103,09	8,99	112,08
1942-43*	122,91	2,73	125,64	140,10	40,04	180,14
1943-44*	140,28	14,91	155,19	112,86	12,79	125,65
1944-45*	59,51	3,64	63,15	132,33	7,35	139,68

* Excluding Burma figures from April 1942.

It will be seen that except in 1940-41 and 1943-44 the demand for currency was lower in the slack season than in the busy season ; the panicky demand for silver rupee coin in the summer of 1940-41 partly accounted for the larger absorption in the slack season during that year ; the cumulative effect of the various stabilisation measures adopted early in 1943-44 explained the relatively smaller absorption in the busy season of that year.

The following table gives a comparison of the expansion in note circulation with the changes in scheduled banks' demand deposits during the war on a half-yearly basis.

TABLE 30. CHANGES IN NOTE CIRCULATION AND DEMAND DEPOSITS OF SCHEDULED BANKS.

(In crores of rupees

	1939-40	1940-41		1941-42		1942-43		1943-44		1944-45	
	Sept.-Mar.	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March
1 Note circulation at the end of period	225	217	241	270	388	498	651	764	882	941	1,085
2 Increase during the period	53	— 8	24	29	118	110	153	113	118	59	144
3 *Percentage increase*	*31*	— *4*	*11*	*12*	*44*	*28*	*31*	*17*	*15*	*7*	*15*
4 Demand Deposits at the end of period	143	158	172	209	227	318	370	460	524	588	597
5 Increase during the period	9	15	14	37	18	91	52	90	64	64	9
6 *Percentage increase*	*6*	*10*	*9*	*22*	*9*	*40*	*16*	*24*	*14*	*12*	*2*

Under normal conditions opposite trends were witnessed in the movements in the volume of currency circulation and of demand deposits in the busy and slack seasons, note circulation tending to rise and demand deposits to contract in the busy season and *vice versa* in the slack season. During the war both deposits and currency circulation have continued to expand, the incidence of the seasons being reflected in their varying rates of expansion : during the first half of the year corresponding generally to the slack season in trade there has been usually a greater relative increase in demand deposits than in notes issued, while a larger comparative expansion in note circulation than in deposits has occurred in the second half of the year which corresponds to the busy season. These trends have been observed to be in evidence throughout the war period except in the second half of 1943-44 when there was a smaller expansion in note circulation than in the first half.

67. *'Total Money Supply' in India (Excluding Rupee Coin).*—Under this head is given a somewhat closer analysis of the trends during the course of war in the 'total money supply' in the country and in its main constituents, with a view to indicating the fundamental factors underlying the process of monetary expansion during wartime.

The table on page 93 shows the composition of the 'total money supply' in the country since the beginning of war at annual intervals and for the last half-year to March 1945 and on a monthly basis during the last year. Note circulation (excluding notes held by banks) plus demand deposits of banks (scheduled and non-scheduled) may be said to represent the cash balances of the public; deposits with the Reserve Bank consist of two main items: the cash balances of banks (including a certain necessary amount of reserve balances) and the cash balances of Government (including balances held by the Government on account of certain classes of tax payers and refundable to the latter). Underlying the rising general trend of 'total money supply,' there is a measure of compensatory movements in the cash balances of the public and the cash balances of Government: a detailed comparison of the figures (not given in the table) shows that heavy increases in note circulation (and/or bank deposits) have been accompanied by decreases in the amount of Government balances; on the other hand, during the last year or so, the restrained rise in currency circulation and deposits has been associated with considerable additions to Government balances. The aggregate of the two kinds of balances may be said to represent the total volume of ready purchasing power available to the community at any time, though the two kinds differ greatly as regards the measure of control exercised by Government over their rate of turn-over.

Confining attention to the part of money supply which represents the public's cash balances and which is customarily regarded as the whole of money supply, it will be noticed from the table that there has been a perceptible deceleration in its rate of increase during recent months. The percentage monthly rate of increase of note circulation went up from 2·0 in the twelve months ended September 1941 to 7·0 in the following twelve months and declined thereafter to 4·5 during October 1942—September 1943, 2·0 during October 1943—September 1944 and 2·6 in October 1944—March 1945. The percentage monthly rate of increase of demand deposits of banks was 2·6, 4·3, 3·8 and 2·4 during the twelve month periods given in the table and–0·4 during the last six months.

As regards the sources of additions to money supply during wartime, the total net accrual of sterling from the surplus balance of payments on private as well as Governmental account *i.e.* including the supply of goods and services to His Majesty's and Allied Governments in India against recoverable war expenditure, is the largest part of what may be termed as the inflationary potential; the budget deficit on revenue account and the defence expenditure on capital account are other constituents of this inflationary potential; the addition to the internal (rupee) debt of the country acts *largely* as a deflationary influence, (*viz.*, a factor tending to reduce the volume of money supply in the hands of the public) but has been reflected partly in the high and rising level of Government balances recently; the expansion of the public's cash balances given by the addition to the aggregate amount of note circulation, rupee coin and small coin and of deposits of banks, scheduled and non-scheduled, measures the extent of monetary inflation (the term to be understood in its context). The progressive series of each of these factors since 1939-40 are given in the table on page 94.

TABLE 31. 'TOTAL MONEY SUPPLY' IN INDIA (Excluding Rupee Coin Circulation).

(Rupees in Crores)

Last Friday of	August 1939	Sept. 1940	Sept. 1941	Sept. 1942	Sept. 1943	Sept. 1944	March 1945	April† 1944	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Jan. 1945	Feb.	March
1. Note circulation	169	217	268	493	760	941	1,085	897	910	931	922	927	941	957	973	1,010	1,034	1,059	1,085
Increase		+ 48	+ 51	+225	+267	+181	+144	+ 15	+ 13	+ 21	— 9	+ 5	+ 14	+ 16	+ 16	+ 37	+ 24	+ 25	+ 26
Average monthly increase		+ 4	+ 4	+ 19	+ 22	+ 15	+ 24	+ 15	+ 13	+ 21	— 9	+ 5	+ 14	+ 16	+ 16	+ 37	+ 24	+ 25	+ 26
Percentage monthly rate of increase ..		*2·2*	*2·0*	*7·0*	*4·5*	*2·0*	*2·6*	*1·7*	*1·4*	*2·3*	*—1·0*	*0·5*	*1·5*	*1·7*	*1·7*	*3·8*	*2·4*	*2·4*	*2·5*
2 Demand Deposits of Banks (Scheduled and Non-Scheduled)	141*	163	213	324	473	610	597‡	554	574	586	596	606	610	626	634	641	608‡	612‡	597‡
Increase		+ 22	+ 50	+111	+149	+137	— 13	+ 11	+ 20	+ 12	+ 10	+ 10	+ 4	+ 16	+ 8	+ 7	— 33	+ 4	— 15
Average monthly increase		+ 2	+ 4	+ 9	+ 12	+ 11	— 2	+ 11	+ 20	+ 12	+ 10	+ 10	+ 4	+ 16	+ 8	+ 7	— 33	+ 4	— 15
Percentage monthly rate of increase ..		*1·2*	*2·6*	*4·3*	*3·8*	*2·4*	*—0·4*	*2·0*	*3·6*	*2·1*	*1·7*	*1·7*	*0·7*	*2·6*	*1·3*	*1·1*	*— 5·1*	*0·7*	*—2·5*
3. Deposits of Reserve Bank	43	63	68	91	118	313	393	184	191	181	226	266	313	325	343	351	383	380	393
4. Notes held by Scheduled Banks ..	7	7	7	11	19	25	25	23	23	28	23	23	25	25	26	30	25	26	25
5. Total Money supply excluding Rupee Coin (1+2+3—4)	346	436	542	897	1,332	1,839	2,050	1,612	1,652	1,670	1,721	1,776	1,839	1,883	1,924	1,972	2,000	2,025	2,050
6. Index	100	126	157	259	385	532	592	466	477	483	497	513	532	544	556	570	578	585	592
7. *Percentage monthly rate of increase*		*2·0*	*2·1*	*5·4*	*4·1*	*3·2*	*1·9*	*2·6*	*2·4*	*1·3*	*2·9*	*3·2*	*3·7*	*2·3*	*2·2*	*2·5*	*1·4*	*1·2*	*1·2*

* The figures of non-scheduled banks included herein relate to December 1939. ‡ Excludes deposits of non-scheduled banks. † The increase shown in this column is over the previous month *i.e.*, March 1944.

Note :—The demand deposits of non-scheduled banks at the end of December 1939, Sept. 1940, 1941, 1942, 1943 and 1944 were Rs.5 crores ; Rs.5 crores ; Rs.7 crores ; Rs. 10 crores ; Rs. 15 crores ; and Rs.22 crores respectively.

TABLE 32. GENERAL ANALYSIS OF SOURCES OF MONEY SUPPLY.

(In crores of rupees)

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45
(1) Total net accrual of sterling to end of period since the beginning of war	100	191	441	828	1,278	1,710
2) Budget deficit including Defence Capital expenditure, progressive*	..	7	19	184	411	626
(3) Total of (1) and (2)	**100**	**198**	**460**	**1,012**	**1,689**	**2,336**
(4) Increase in note circulation, rupee coin and small coin circulation, and in total deposits of banks	83	167	373	868	1,358	1,733
(5) Increase in deposits with the Reserve Bank, progressive †	9	46	34	58	112	346
(of which addition to Central Government balances, progressive)	(4)	(11)	(19)	(13)	(50)	(255)
(6) Total of (4) and (5)	**92**	**213**	**407**	**926**	**1,470**	**2,079**
(7) Increase in the Rupee debt of the Central Government since 31st March 1939, progressive	18	152	231	497	623	860

* The actual figures of budget deficit are nil, 6·5, 12·7, 112·2, 189·8 and 155·8 crores respectively for the six years from 1939-40 to 1944-45 (revised) and of defence capital expenditure 52·5, 37·5 and 59·4 crores during the last three years. † Increase in the average of the last *quarter* of each year.

The direct and close correlation of the first and fourth series is readily apparent: during the first three years the net progressive amount of accrual of sterling is somewhat larger than the degree of increase in monetary circulation, and during the last three years it is somewhat smaller. During the last three years, the ' budget deficit ' has increased somewhat rapidly and added another element to the inflationary potential. But the simultaneous larger increase in the rupee debt of the Central Government has substantially neutralised the inflationary impact of the budget deficit on the public's cash balances, though in the process the Government's cash balances have appreciably increased. Some part of the increase in bank deposits (and therefore in total money supplies) must be assigned to secondary expansion as reflected in the appreciable rise in bank advances since the last quarter of 1942 (*vide* para 55), but for the greater part the increase is primary in character, and derives from the same factors as the increase in currency circulation.

B. MISCELLANEOUS MATTERS CONNECTED WITH CURRENCY AND COINAGE

68. *Changes in the form of Notes.*—During the year under review Bank notes of the denominations of Rs.100 and Rs.5 bearing the signature of Sir Chintaman D. Deshmukh, the present Governor of the Bank, were issued, the design of the notes remaining unaltered. The first issues of these were made from the Karachi and Delhi offices respectively on the 5th May and the 2nd June 1944. The design of Rs.10 notes was altered, the new notes being first put into circulation from the

Bombay office on the 5th October 1944. A new series of Government of India one rupee notes with the serial prefix and the number printed in green instead of in black were also issued from the Bombay office on the 1st December 1944.

69. *Encashment of Burma Notes.*—The stringent restrictions on the import of Burma notes into India and on their encashment detailed in previous years' Reports continued to be enforced. The total amount of Burma notes encashed during the year under review was only Rs.9,33,305 as against Rs.38,64,535 in 1943-44 and Rs.5,29,20,095 in 1942-43. The total value of notes thus tendered since the 5th January 1942 when the Bank was first authorised to encash Burma notes aggregated Rs.6,82,57,715.

70. *Circulation of Notes by Denominations.*—Statement XL shows the relative popularity of the different denominations of notes. Notes of all denominations, excepting the Rs.50 and Rs.500 issues of which further declined from Rs.37 lakhs and Rs.60 lakhs to Rs.30 lakhs and Rs.32 lakhs respectively, contributed in a greater or less degree to the large expansion of paper currency during 1944-45. The proportion of Rs.2 denomination which was introduced in February 1943 to relieve the strain on one rupee notes stood at 1 per cent. of the total notes issued at the end of December 1944 as compared with 0·7 per cent. a year before. During the war the circulation of notes of higher denominations has expanded to a relatively larger extent in India as in other countries. The proportion of Rs.100 and Rs.1,000 notes to total notes issued rose from 32·1 per cent. and 5·9 per cent. respectively in 1939 to 34·9 per cent. and 10·9 per cent. in 1943. During the year, Rs.100 denomination rose further to 38·0 per cent. while the Rs.1,000 notes slightly declined to 10·1 per cent. It may be added that the proportion of the Rs.100 denomination during the last war continued to be the highest and rose steadily from 35·0 per cent. at the end of 1913-14 to 38·0 per cent. at the end of 1917-18 while Rs.10 notes declined from 34·9 per cent. to 31·9 per cent. during the same period; the Rs.1,000 denomination in contrast to the trends during the present war, showed a decline from 18·0 per cent. at the end of 1913-14 to 16·1 per cent. at the end of 1917-18 after a temporary rise to 20·0 per cent. at the end of 1914-15. Together these two denominations accounted for 48 per cent. in 1944 as against 46 per cent. in 1943 and 38 per cent. in 1939 while the combined circulation of Rs.5 and Rs.10 notes dropped to 51 per cent. as against 53 per cent. in 1943 and 61 per cent. in 1939.

Similar trends in the composition of note circulation during wartime are noticeable in other countries. In the United States, larger denomination notes comprising of $50 to $10,000 increased respectively by 45 per cent. and 39 per cent. in 1943 and 1944 compared to increases of 30 per cent. and 19 per cent. respectively during the same period in small denomination notes comprising of $1 to $20. In Australia, denominations of £10 and £5 notes from the outbreak of the war upto the end of 1944 increased by more than eight-fold and nearly six-fold respectively as against a four-fold increase during the same period in total note circulation. During the war, notes of large denominations have come in almost every country to be utilised as a means of payment in black markets or for the purposes of hoarding. With a view to discouraging such practices the authorities in Britain announced in March 1945 that notes of denominations from £10 to £1,000, issues of which were stopped in 1943, would cease to be legal tender with effect from the 1st May 1945. The Australian Government have announced their intention

to adopt similar measures, with the result that considerable quantities of notes of larger denominations have begun to return to the Commonwealth Bank from hoarders and others.

71. *Old Notes.*—Section 34 of the Reserve Bank of India Act provides that any currency note or bank note which has not been presented for payment within 40 years from its date of issue shall be deemed to be no longer in circulation. The value of currency notes written off under this section during 1944-45 amounted to Rs.1,29,180 compared with Rs.2,11,260 in the previous year. Notes amounting to Rs.8,840, which had been previously written off under this section, were presented for payment and were paid by the Banking Department during the year. The following table gives the value of notes written off and refunded for the past three years.

	1942-43	1943-44	1944-45
Value of Notes written off at the end of the year ..	122,740	211,260	129,180
Value of Notes refunded during the year ..	7,180	900	8,840

72. *Lost, Destroyed and Mutilated Notes.*—The table below gives the details of lost or wholly destroyed, half and mutilated notes in respect of which claims were admitted in India during the year under review.

	No. of claims admitted	No. of pieces	Amount of claims admitted	Amount paid against claims
Lost or wholly destroyed notes ..	297	677	1,43,800	19,800*
Half notes	1,216	3,406	6,65,380	87,665
Mutilated notes	59,188	2,96,083	30,12,250½	24,80,318

* Represents amount paid during 1944-45 in respect of claims admitted in previous years.

73. *Note Forgeries.*—The total number of forged notes (including Government of India one rupee notes) received during the year further declined to 12,675 compared with 13,239 in 1943-44 and 14,566 in 1942-43 and was distributed as follows.

Year	Re. 1 Old Notes	Re. 1 Government of India Notes	Rs. 2	Rs. 2½	Rs. 5	Rs. 10	Rs. 50	Rs. 100	Rs. 1,000
1944-45		4,820	2,599	..	352	4,894	1	9	..
1943-44 ..	1	8,560	1,280	1	210	3,140	..	17	30
1942-43		11,580	..	..	40	2,803	2	138	3

There has been a progressive increase in the number of forgeries in respect of Rs.10 notes and a continued decline in the case of Government of India one rupee notes, the forgeries in these two denominations being respectively 39 per cent.

and 38 per cent. compared with 24 per cent. and 65 per cent. in 1943-44. The number of forged notes of Rs.2 denomination was also higher during the year at 2,599 and was 20 per cent. of the total. The number of cases of forgery detected in Calcutta was 6,493, in Bombay 2,611, in Cawnpore 1,939 and in Lahore 1,183. The following table gives certain particulars regarding prosecutions on account of forgeries for the past three years.

Year	Fresh prosecutions	Pending at the end of the previous year	Total trials	Discharges	Convictions	Pending
1944-45 ..	51	15	66	15	15	36
1943-44 ..	23	13	36	11	10	15
1942-43 ..	47	7	54	22	19	13

74. *Coinage.*—Statement XLI gives mintage of rupee coin since 1835. Rupees were not minted between 1922 and 1940. Rupee coin minted during 1944 amounted to Rs.23·76 crores against Rs.6·70 crores in 1943. The following table gives the total mintage of rupee coin and the various denominations of small coin during 1944-45 at the Bombay, Calcutta and Lahore mints.

TABLE 33. MINTAGE OF RUPEES AND SMALL COIN BY DENOMINATIONS.

Denomination	Bombay Mint		Calcutta Mint		Lahore Mint		Total	
	Rs.	a.	Rs.	a.	Rs.	a.	Rs.	a.
Quaternary Rupees	15,88,00,000	0	....		10,66,00,000	0	**26,54,00,000**	**0**
„ Half Rupees ..	2,25,00,000	0	....		3,95,00,000	0	**6,20,00,000**	**0**
„ Quarter Rupees.	4,22,00,000	0	....		2,15,25,000	0	**6,37,25,000**	**0**
Nickel 2 annas	3,73,00,000	0	....		7,94,000	0	**3,80,94,000**	**0**
„ 1 anna	1,32,18,750	0	2,78,26,500	0	....		**4,10,45,250**	**0**
„ ½ anna	.....		1,64,92,250	0	....		**1,64,92,250**	**0**
Single Pice	32,20,600	0	2,77,000	0	7,97,262	8	**42,94,862**	**8**
Total ..	**27,72,39,350**	**0**	**4,45,95,750**	**0**	**16,92,16,262**	**8**	**49,10,51,362**	**8**

Of the total mintage of Rs.49·11 crores during the year under review small coin accounted for Rs.22·57 crores or 46 per cent. as against 73 per cent. out of an aggregate mintage of Rs.27·87 crores in 1943-44. The mintage of quaternary rupee coin since December 1940 when they were first minted upto the end of March 1945 amounted to Rs.88·30 crores.

75. *Withdrawal of Silver Coin.*—All Victoria and King Edward VII rupee and half rupee coins were withdrawn with effect from the 1st April 1941 and the 31st May 1942 respectively and King George V and King George VI standard silver rupees and half rupees were called back with effect from the 1st May 1943. The

amount of silver coin including half rupees, quarter rupees and one-eighth rupees withdrawn from circulation during 1944-45 is given below.

(In lakhs of rupees)

William IV 1835	0·01
Queen Victoria 1840	0·07
Standard Silver Rupees	50·25
Other uncurrent coin	0·80
Defective Quaternary Rupees	0·27
Total ..	**51·40**

Under the Indian Coinage Amendment Act, 1918, silver two anna picces are no longer coined and issued, but coin previously issued continue to be legal tender. The standard silver four anna pieces also continue to be legal tender.

76. *Withdrawal of Nickel and Copper Coin.*—Eight anna nickel coin were withdrawn under section 15A of the Indian Coinage Act, 1906, with effect from the 1st October 1924, and are now received at Issue Offices only. Double pice coin are also being withdrawn from circulation but are still received at Treasuries and Issue Offices. The total nominal value of uncurrent coins and badly worn and defaced nickel, copper and bronze coins withdrawn from circulation during the year was as follows.

		Rs.	a.	p.
Uncurrent coin	Nickel eight anna	188	0	0
	Bronze double pice	499	1	0
Badly worn and defaced nickel, copper and bronze coin.	Nickel -/4/-	43,085	8	0
	Nickel -/2/-	19,769	6	0
	Nickel -/1/-	36,670	14	0
	Nickel -/½/-	515	1	0
	Single Pice	4,647	9	0
	Half Pice	3	13	10
	Pie Pieces	9	12	2
	Total ..	**1,05,389**	**1**	**0**

77. *Counterfeit Coin.*—The following table gives the number of counterfeit coin by denominations cut at treasuries and railway stations during the three years 1942-43 to 1944-45.

	1944-45		1943-44		1942-43	
	Silver	Nickel	Silver	Nickel	Silver	Nickel
Rupees	7,143	..	39,223	..	3,39,141	..
Half Rupees ..	4,881	28	7,365	96	18,386	118
Quarter Rupees ..	7,113	1,406	7,363	3,605	17,832	6,534
Eighth Rupees ..	93	18,300	151	9,400	836	29,254
One Anna	..	3,241	..	4,307	..	10,987
Half Anna	..	..	..	..	..	1
Total ..	**19,230**	**22,975**	**54,102**	**17,408**	**3,76,195**	**46,894**

STATEMENT I

INDEX NUMBERS OF WHOLESALE PRICES AND COST OF LIVING IN INDIA AND CERTAIN OTHER COUNTRIES SINCE 1938.

(JANUARY—JUNE 1939=100)

(*Reference paragraph* 12)

	India		U.K.		U.S.A.		Canada		Germany		Japan	
	Calcutta P	Bombay C	P	C	P	C	P	C	P	C	P	C
(*Original Base*:—	*July 1914*	*July 1933 to June 1934*	*1930*	*July 1914*	*1926*	*1935-39*	*1926*	*1935-39*	*1913*	*1928-30*	*Oct. 1900*	*July 1914*)
Year and month												
1938	96	102	104	101	103	102	107	102	99	100	95	92
1939	109	102	106	104	101	101	103	101	100	100	105	104
1940	121	108	140	121	103	101	113	105	103	103	117	120
1941	141	118	157	129	114	106	123	112	105	106	124	122
1942	187	151	164	130	129	118	130	116	108	108	134	125
1943	311	223	167	129	135	125	136	118	109	110	142	133
1944	302	229	171	131	136	127	140	118		112		
1939 September	115	102	109	107	104	102	107	103	100	100	108	108
December	139	109	126	113	104	101	111	103	101	100	118	111
1940 March	122	106	132	116	103	101	114	104	103	102	117	118
June	115	107	138	122	101	101	111	105	103	104	116	122
September	120	108	145	123	102	101	113	106	104	104	116	122
December	121	111	152	127	105	102	115	108	104	104	118	121
1941 January	122	113	154	128	106	102	116	108	104	104	118	120
February	120	115	154	128	105	102	117	108	104	105	119	120
March	124	115	155	129	107	102	117	108	104	105	122	121
April	129	117	155	130	109	103	118	109	105	105	122	121
May	132	118	155	130	111	104	121	110	105	106	123	122
June	139	118	157	129	114	106	123	111	105	106	125	122
July	152	122	157	129	116	108	124	113	105	108	126	122
August	153	126	157	129	118	107	126	114	105	108	125	122
September	151	124	159	129	120	109	127	115	105	106	127	121
October	153	121	159	130	121	110	128	116	105	105	127	122
November	159	122	160	131	121	111	128	115	105	105	128	122
December	156	124	160	130	123	112	128	115	105	105	131	124
1942 January	157	132	161	130	126	113	129	115	106	106	132	124
February	155	130	163	130	127	114	129	115	106	107	132	124
March	155	132	163	129	128	115	130	115	106	107	133	124
April	159	133	164	130	129	116	130	115	106	109	133	124
May	171	137	165	129	129	117	130	116	106	109	133	124
June	184	147	164	130	129	118	131	117	106	110	133	125
July	184	162	164	131	129	118	131	117	108	111	133	125
August	194	162	163	130	130	119	130	117	108	110	135	125
September	200	164	163	130	130	119	131	117	108	107	135	126
October	211	166	164	130	131	120	132	118	108	107	134	126
November	230	172	165	130	131	121	132	118	108	107	135	127
December	241	181	166	129	132	122	132	116	108	107	135	127
1943 January	253	196	167	129	133	122	132	116	109	108	136	127
February	256	198	167	129	134	122	133	117	109	109	137	129
March	275	201	167	129	135	124	134	117	109	109	138	130
April	296	217	167	129	136	125	135	117	109	110	141	133
May	329	219	168	129	136	126	135	118	109	110	141	132
June	323	227	168	130	136	126	136	118	109	111	142	133
July	336	228	169	129	135	125	137	118	110	112	143	133
August	349	230	167	129	135	125	137	119	110	112	143	133
September	353	236	167	129	135	125	138	119	109	109	144	135
October	338	239	167	129	135	125	139	119	109	109	145	136
November	318	239	167	129	135	125	140	119	109	110	146	137
December	305	238	168	129	135	126	140	118	109	110	147	137
1944 January	301	230	169	130	135	125	140	118	109	111	149	139
February	304	222	169	130	136	125	140	118	109	111	150	139
March	304	218	169	130	136	125	141	118	110	111	150	141
April	301	223	170	130	136	126	140	118	110	112	158	145
May	295	227	171	130	136	126	140	118	110	112	155	146
June	304	228	171	131	137	127	140	118	110	113	157	146
July	303	232	172	131	136	127	140	118	111	116	158	147
August	302	241	172	131	136	128	140	118	111	115	159	148
September	305	231	172	131	136	128	140	118	110	112	164	155
October	301	231	171	131	136	128	140	118	110	111	165	157
November	303	233	172	131	137	128	140	118	111	112	..	161
December	305	228	172	131	137	128	140	118	..	112	..	..
1945 January	303	221	172	131	137	128	140	118	..	..	..	..
February	303	221	172	131	138	128	140	118	..	..	..	..
March	310	217	172	131	138	128	141	..	..	..	..	..

P—Wholesale Prices. C—Cost of Living. *Sources*: Calcutta—Indian Trade Journal (P); Bombay—Labour Gazette (C); U.K.—Board of Trade (P); Ministry of Labour (C); U.S.A.—Bureau of Labour Statistics (P.C.); Canada—Dominion Bureau of Statistics (P.C.); Germany—Monthly Bulletin of Statistics, League of Nations (P.C.); Japan—Bank of Japan (P.C.).

STATEMENT II

INDEX NUMBERS OF WHOLESALE PRICES IN INDIA BY GROUPS OF ARTICLES SINCE 1939-40

(*Average of weekly figures*)

(Week ended 19th August 1939=100; Source: Economic Adviser to the Government of India)

(*Reference paragraph* 12)

Year and Month	Agricultural Commodities	Raw Materials	Primary Commodities	Manufactured Articles	Chief Articles of Export	General Index	Certain Industrial Articles						Food Articles †
							Sugar	Kerosene	Petrol	Cotton Manufactures	Jute Manufactures	Cement	
1939-40* ..	**127·5**	**118·8**	**124·2**	**131·5**	**130·5**	**125·6**	**121**	**109**	**109**	**117**	**178**	**109**	
1940-41 ..	**108·6**	**121·5**	**113·4**	**119·8**	**114·1**	**114·8**	**100**	**122**	**125**	**118**	**186**	**114**	
1941-42 ..	**124·2**	**146·9**	**132·5**	**154·5**	**137·3**	**137·0**	**102**	**138**	**135**	**173**	**181**	**118**	
1942-43 ..	**166·2**	**165·9**	**166·0**	**190·4**	**161·7**	**171·0**	**127**	**185**	**163**	**292**	**183**	**136**	
1943-44 ..	**268·7**	**185·0**	**232·5**	**251·7**	**236·4**	**236·5**	**146**	**186**	**167**	**422**	**249**	**175**	
1944-45 ..	**265.4**	**206.0**	**240.5**	**258.3**	**243.9**	**244.2**	**158**	**176**	**170**	**293**	**252**	**211**	
April 1942	129.9	162.3	141.7	162.5	139.5	**146.0**	126	167	162	193	169	133	
May „	137.5	158.1	145.2	160.0	139.2	**148.3**	128	177	163	199	153	133	
June „	146.3	162.1	152.3	166.5	147.2	**155.2**	120	177	163	212	163	133	
July „	153.0	162.3	156.5	172.7	152.1	**159.9**	120	177	163	242	161	134	
August „	152.4	162.4	156.2	174.6	151.0	**160.0**	120	177	163	258	159	133	
September „	156.3	163.1	159.0	179.2	152.6	**163.1**	120	188	163	282	163	133	
October „	164.6	165.3	164.9	188.5	159.5	**169.7**	120	194	163	300	181	133	
November „	171.2	168.6	170.2	203.6	166.3	**176.9**	120	194	163	300	181	133	
December „	178.7	171.3	175.8	221.5	171.6	**184.9**	120	194	163	414	219	137	
January 1943	189.2	171.5	182.2	224.1	177.4	**190.5**	138	194	163	415	226	145	
February „	203.6	172.0	190.6	225.5	187.8	**197.7**	143	194	166	427	222	146	
March „	238.4	172.0	210.0	227.0	210.4	**213.5**	143	194	166	437	220	145	
April „	265.7	174.2	225.4	235.6	229.4	**227.6**	143	194	166	469	232	145	
May „	282.6	173.4	233.7	246.8	240.8	**236.4**	143	194	166	505	255	145	
June „	284.1	178.4	237.1	257.5	243.2	**241.4**	143	198	166	513	252	162	
July „	273.0	182.8	233.7	259.5	236.3	**239.0**	143	203	166	493	237	186	
August „	273.3	183.8	234.3	251.6	239.3	**237.9**	143	194	166	426	246	185	
September „	272.0	181.4	232.4	251.3	238.2	**236.3**	143	177	166	417	247	182	
October „	277.5	184.6	235.8	255.8	243.6	**240.8**	143	178	166	417	253	182	
November „	268.5	189.1	234.3	256.9	239.3	**239.1**	149	178	166	405	252	186	
December „	261.0	189.3	230.3	251.8	234.2	**234.8**	151	178	166	381	251	182	
January 1944	262.7	193.4	233.2	251.3	234.0	**237.0**	151	178	166	381	252	182	
February „	258.4	194.8	231.8	251.0	232.4	**235.7**	151	178	168	350	254	182	243.4
March „	248.4	196.7	226.9	252.3	226.7	**232.1**	151	178	176	328	255	189	236·2
April „	247·8	199·4	227·7	261·2	229·8	**234·6**	151	178	176	324	256	212	233.7
May „	250·6	203·1	231·0	262·5	235·9	**237·4**	151	178	176	321	256	212	228.3
June „	256·1	204·3	234·5	259·4	239·3	**239·7**	151	180	176	300	256	212	232·1
July „	268·5	203·8	241·2	260·7	246·7	**245·3**	151	181	176	295	256	212	236·9
August „	268.8	201.5	240.3	262.5	246.9	**245.0**	151	175	168	295	256	212	237.3
September „	265.3	203.2	239.2	259.0	244.5	**243.3**	151	175	168	290	250	212	234·2
October „	262.7	208.3	240.1	255.8	242.4	**243.4**	159	175	168	285	249	212	233·9
November „	268.9	209.5	244.1	255.7	245.2	**246.5**	167	175	168	285	242	212	235·4
December „	273.8	210.2	247.1	256.8	248.0	**249.2**	167	175	168	285	246	209	231·4
January 1945	275.3	211.6	248.5	257.1	249.7	**250.3**	167	175	168	285	248	208	233.5
February „	274.5	209.0	246.9	255.7	249.1	**248.8**	167	175	163	278	252	208	231.3
March „	273·6	208.7	246.2	253.7	249.8	**247.8**	167	175	161	274	255	208	234.9

* Seven months ended March 1940. † Base: Last week of August 1939=100.

STATEMENT III

Balance of Trade in Merchandise of British India, 1944-45

(Reference paragraph 14)

(In lakhs of rupees)

1943-44								1944-45							
Imports*	*Import Price Indices†*	Exports	*Export Price Indices†*	Re-exports	Total Exports		Balance of trade		Imports*	*Import Price Indices†*	Exports	*Export Price Indices†*	Re-exports	Total Exports		Balance of trade
9,37	*164*	15,37	*118*	51	15,88	+	6,51	April	12,59	*142*	16,23	*135*	76	16,99	+	4,40
8,04	*117*	16,39	*125*	36	16,75	+	8,71	May	17,06	*123*	15,97	*133*	28	16,25	—	81
8,67	*137*	18,01	*128*	27	18,28	+	9,61	June	14,21	*125*	18,94	*145*	28	19,22	+	5,01
7,62	*105*	12,66	*142*	1,17	13,83	+	6,21	July	19,26	*133*	21,37	*132*	56	21,93	+	2,67
9,56	*159*	16,77	*126*	50	17,27	+	7,71	August	17,26	*136*	18,21	*140*	47	18,68	+	1,42
8,91	*136*	13,98	*132*	49	14,47	+	5,56	September	13,36	*125*	18,53	*131*	2,75	21,28	+	7,92
8,35	*145*	18,36	*124*	2,65	21,01	+	12,66	October	16,86	*120*	18,26	*130*	3,03	21,29	+	4,43
9,76	*134*	19,97	*126*	3,03	23,00	+	13,24	November	18,54	*113*	17,10	*132*	75	17,85	—	69
12,80	*150*	11,85	*126*	35	12,20	—	60	December	16,13		18,56		2,17	20,73	+	4,60
11,85	*119*	16,53	*132*	53	17,06	+	5,21	January	18,20		18,07		1,40	19,47	+	1,27
11,75	*108*	23,10	*116*	56	23,66	+	11,91	February	17,84		15,91		2,45	18,36	+	52
12,37	*138*	16,04	*123*	54	16,58	+	4,19	March	19,68		13,24		1,78	15,02	—	4,66
1,19,05	*132*	**1,99,03**	*125*	**10,96**	**2,09,99**	+	**90,94**	**Total**	**2,00,99**		**2,10,39**		**16,68**	**2,27,07**	+	**26,08**

* Excluding value of railway materials imported direct by State Railways working under company management which are not paid for in the ordinary way and not therefore taken into account in arriving at the balance of trade. † Base 1927-28 = 100.

STATEMENT IV

Highest, Lowest and Average (Annual) Prices of Gold and Silver in Bombay and Import Duty on Silver since 1926-27

(Reference paragraph 19)

Year	Gold (per fine tola)			Silver (per 100 tolas gross)			Import duty
	Highest	Lowest	Average	Highest	Lowest	Average	
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1926–27	21 11 6	21 4 6	21 7 8	72 0 0	55 8 0	63 1 5	*Nil*
1927–28	21 11 3	21 4 9	21 7 6	61 2 0	56 8 0	59 3 7	,,
1928–29	21 11 6	21 4 6	21 6 10	66 6 0	58 2 0	60 9 2	,,
1929–30	22 0 0	21 5 3	21 7 5	59 7 0	46 14 0	53 9 11	,,
1930–31	21 13 3	21 3 6	21 12 6	57 4 0	39 0 0	46 15 1	9 6 0
1931–32†	31 2 0	21 3 6	24 4 3	66 8 0	41 12 0	50 3 11	14 1 0
1932–33†	32 1 6	26 10 0	29 5 2	60 0 0	48 14 0	52 11 4	14 1 0
1933–34†	34 12 0	28 11 0	32 4 5	59 14 0	52 15 0	56 0 10	17 9 3
1934–35†	36 13 3	33 3 0	35 15 8	69 0 0	50 7 0	60 13 5	11 11 6
1935–36†	36 12 0	31 3 6	35 4 11	87 0 0	46 12 0	65 1 1	4 11 0
1936–37†	35 8 0	33 15 3	34 12 6	56 2 0	47 0 0	50 5 8	4 11 0
1937–38†	35 2 9	34 3 6	34 7 10	55 15 6	46 1 6	51 4 1	7 0 6
1938–39†	37 10 6	34 12 3	35 10 3	53 1 6	48 2 0	51 11 3	7 0 6
1939–40†	43 8 0	36 9 0	39 13 11	66 4 0	44 7 6	55 4 9	7 0 6
1940–41†	48 8 0	40 2 6	42 6 0	64 13 0	54 10 0	62 8 0	7 0 6
1941–42	57 12 0	41 9 6	44 7 11	97 6 0	61 12 6	66 11 4	8 7 0
1942–43	72 0 0	44 12 0	57 10 10	116 8 0	75 4 0	94 2 6	8 7 0
1943–44	96 4 0	65 4 0	76 11 6	141 8 0	101 8 6	120 7 11	8 7 0
1944–45	76 12 0	61 2 0	71 7 4	143 4 0	113 10 0	128 10 9	8 7 0

† Gold exported from India.

STATEMENT V

Highest, Lowest and Average (Monthly) Prices of Bar Gold and Sovereigns in Bombay, 1944-45

(Reference paragraph 19)

Month 1944-45	Gold (per fine tola)						Sovereigns			Average estimated stocks of gold during each month in Bombay
	Spot			Settlement						
	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	(Tolas)
April	76 12 0 (24 & 27)	71 7 0 (4)	74 13 10	77 12 0 (26)	71 10 0 (4)	74 14 2	52 12 0 (26)	49 12 0 (4)	51 9 0	7,50,000
May	75 12 0 (10)	73 13 0 (23)	74 14 11	76 1 0 (3)	73 8 0 (3)	74 14 11	52 2 0 (3)	50 14 0 (23)	51 10 0	3,37,500
June	74 10 0 (1)	72 1 0 (23)	73 8 2	74 10 6 (1)	71 0 0 (23)	73 6 8	51 6 0 (1)	50 0 0 (26)	50 10 7	1,50,000
July	75 12 0 (8)	73 9 0 (3)	75 0 9	76 2 0 (31)	73 5 6 (4)	74 11 11	51 12 0 (8)	50 12 0 (3)	51 6 6	56,250
August	75 12 6 (18)	74 12 0 (24)	75 4 11	75 10 0 (7 & 21)	74 6 0 (24)	75 2 5	52 2 0 (17)	51 6 0 (7 & 8)	51 10 11	1,25,000
September	75 5 6 (1)	63 0 0 (21)	68 14 2	75 2 6 (1)	61 14 0 (21)	68 6 8	51 10 0 (1)	40 12 0 (20)	45 10 1	1,05,000
October	69 4 0 (3)	61 2 0 (26)	66 4 0	68 5 0 (6)	59 8 0 (26)	65 3 11	47 0 0 (21)	43 4 0 (26)	45 2 5	75,000
November	66 0 0 (17 & 18)	61 8 0 (1)	64 4 1	66 8 0 (17)	60 8 0 (1)	63 10 11	45 12 0 (23)	44 0 0 (4 & 7)	44 13 10	95,000
December	74 12 0 (29)	63 15 0 (4)	67 15 4	76 4 0 (26)	63 11 0 (4)	67 13 4	51 8 0 (29)	45 0 0 (2 & 4)	47 6 9	2,10,000
January	76 5 0 (2)	64 8 0 (30)	72 13 6	76 8 0 (2)	63 2 0 (30)	72 13 1	51 12 0 (4)	45 0 0 (30)	50 4 4	2,87,500
February	74 12 0 (28)	66 15 0 (1)	71 15 2	74 1 0 (28)	66 6 0 (1)	71 8 3	51 6 0 (28)	47 8 0 (3)	49 5 0	1,43,750
March	75 4 0 (7)	68 6 0 (15)	72 8 11	75 2 0 (5)	67 14 0 (15)	72 1 3	51 10 0 (5)	47 8 0 (15)	49 14 11	1,30,000

Figures within brackets refer to dates of quotations. The price of gold in the United States was unchanged at $35 per fine ounce.

STATEMENT VI

PRICES OF GOLD AND SILVER (WEEKLY) AND ESTIMATED STOCKS IN BOMBAY, 1944-45

(Reference paragraph 19)

Friday	Gold (per fine tola)			Silver (per 100 tolas gross)		
	Spot Settlement	Premium of ready over settlement rate	Estimated Stocks (Tolas)	Spot Settlement	Premium of ready over settlement rate	Estimated Stocks (Bars)
1944-45	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	
April 7 ..	74 0 0	..	10,00,000	133 8 0	2 0 0	500
„ 14 ..	75 8 0	..	7,00,000	139 12 0	2 10 0	500
„ 21 ..	75 5 0	0 1 0	7,00,000	140 4 0	2 12 0	450
„ 28 ..	75 8 0	..	6,00,000	138 8 0	1 6 0	350
May 5 ..	75 9 0	..	4,50,000	138 12 0	2 0 0	450
„ 12 ..	75 5 0	..	4,00,000	139 1 0	1 12 0	500
„ 19 ..	74 9 0	..	3,00,000	134 0 0	1 0 0	600
„ 26 ..	74 8 0	..	2,00,000	131 0 0	1 4 0	450
June 2* ..	74 10 0	..	2,00,000	135 10 0	1 0 0	500
„ 9 ..	73 11 0	0 1 0	1,50,000	133 6 0	1 4 0	500
„ 16 ..	73 13 0	0 2 0	2,00,000	127 12 0	1 4 0	700
„ 23 ..	72 1 0	0 1 0	1,50,000	126 2 0	3 8 0	700
„ 30 ..	73 12 0	0 2 0	50,000	131 8 0	3 8 0	500
July 7 ..	75 2 0	0 6 0	50,000	134 2 0	3 12 0	500
„ 14 ..	75 4 0	0 4 0	75,000	134 12 0	3 0 0	500
„ 21 ..	75 5 0	0 5 0	50,000	135 12 0	3 4 0	500
„ 28 ..	75 5 0	0 1 6	50,000	139 2 0	4 0 0	400
August 4 ..	..	..	2,00,000	..	..	350
„ 11* ..	75 4 0	0 3 0	1,00,000	131 14 0	..	800
„ 18 ..	75 9 6	0 0 6	1,00,000	134 0 0	..	500
„ 25 ..	75 0 0	0 3 0	1,00,000	130 12 0	1 4 0	500
September 1 ..	75 5 0	0 4 6	50,000	132 4 0	1 4 0	500
„ 8 ..	72 0 0	—0 8 0	1,00,000	127 8 0	1 0 0	500
„ 15 ..	68 11 6	0 8 0	1,00,000	127 5 0	2 4 0	400
„ 22 ..	64 4 0	0 10 0	1,75,000	120 14 0	1 12 0	700
„ 29 ..	70 11 0	0 14 0	1,00,000	123 13 0	1 8 0	700
October 6 ..	67 15 0	0 8 0	1,00,000	124 5 0	2 4 0	500
„ 13 ..	67 10 0	1 0 0	75,000	126 0 0	3 0 0	300
„ 20 ..	68 14 0	1 12 0	75,000	124 10 0	2 0 0	500
„ 27 ..	64 10 0	1 6 0	50,000	119 0 0	2 0 0	500
November 3 ..	63 8 0	1 0 0	80,000	114 8 0	1 0 0	600
„ 10 ..	63 9 0	1 3 0	50,000	114 12 0	1 8 0	650
„ 17 ..	66 0 0	0 2 0	1,00,000	120 0 0	1 6 0	650
„ 24 ..	65 5 0	0 4 0	1,50,000	122 12 0	1 0 0	750
December 1 ..	64 14 0	0 3 0	2,00,000	120 12 0	0 12 0	1,200
„ 8 ..	65 0 0	0 2 0	2,00,000	121 10 0	0 2 0	1,000
„ 15 ..	66 12 0	0 3 0	2,00,000	126 0 0	0 4 0	550
„ 22 ..	74 1 0	0 1 0	2,50,000	135 0 0	1 0 0	550
„ 29 ..	74 12 0	0 1 0	2,00,000	131 12 0	0 4 0	1,500
January 5 ..	75 3 0	..	3,00,000	129 14 0	0 2 0	1,500
„ 12 ..	75 2 0	..	3,50,000	130 10 0	0 2 0	1,500
„ 19 ..	73 5 0	..	2,50,000	130 14 0	0 2 0	1,200
„ 26* ..	69 15 0	..	2,50,000	130 8 0	2 0 0	4,000
February 2 ..	69 8 0	0 7 0	1,50,000	123 4 0	0 4 0	4,000
„ 9 ..	71 5 0	0 5 0	1,00,000	124 4 0	0 4 0	3,000
„ 16 ..	73 0 0	0 8 0	1,75,000	125 0 0	0 4 0	3,000
„ 23 ..	73 6 0	0 4 0	1,50,000	128 1 0	0 5 0	3,000
March 2 ..	74 10 0	0 7 0	1,75,000	128 7 0	0 3 0	2,500
„ 9 ..	72 6 0	0 2 0	1,50,000	126 10 0	0 4 0	1,500
„ 16 ..	69 0 0	0 4 0	1,75,000	125 1 0	0 4 0	1,500
„ 23 ..	72 15 0	0 8 0	75,000	129 14 0	1 0 0	2,000
„ 30 ..	73 4 0	0 9 0	75,000	128 6 0	0 4 0	2,000

* Market closed; preceding working day's quotations given.

STATEMENT VII

PRICE OF SILVER IN LONDON, NEW YORK AND BOMBAY (MONTHLY), 1944-45

(Reference paragraph 22)

Month	Price in London (per standard ounce) Highest, Lowest, Average.	Market price in New York (per fine ounce) Highest, Lowest, Average.	Price in Bombay (per 100 tolas gross)						Average estimated stocks during each month in Bombay (in bars of 2,800 tolas)
			Spot			Settlement			
1944-45	d.	Cents.	Highest Rs. a. p.	Lowest Rs. a. p.	Average Rs. a. p.	Highest Rs. a. p.	Lowest Rs. a. p.	Average Rs. a. p.	
April	23½	44⅜	143 4 0 (24)	132 6 0 (4)	137 10 10	141 4 0 (26)	129 4 0 (1)	135 4 8	450
May	23½	44⅜	139 12 0 (10)	129 6 0 (23)	135 12 7	137 13 0 (10 & 15)	127 10 0 (23)	134 6 4	500
June	23½	44⅜	135 10 0 (1)	126 0 0 (20)	130 14 8	135 0 0 (1)	122 6 0 (20)	128 11 7	580
July	23½	44⅜	139 8 0 (26)	130 9 0 (3)	135 0 3	138 0 0 (31)	127 4 0 (3 & 4)	131 10 9	475
August..	23½	44⅜	135 0 0 (21)	129 0 0 (24)	132 2 9	134 2 0 (21)	127 11 0 (24)	130 1 5	538
September	23½	44⅜	132 4 0 (1 & 2)	119 12 0 (23)	125 6 7	131 8 0 (1)	117 4 0 (21)	123 14 4	560
October	23½	44⅜	126 0 0 (13)	116 0 0 (27)	122 5 10	123 5 0 (13)	113 8 0 (27 & 31)	120 7 3	450
November	23½	44⅜	124 8 0 (28 & 29)	113 10 0 (7)	118 1 6	123 2 0 (24)	111 12 0 (7)	116 12 10	663
December	23½	44⅜	135 0 0 (22)	119 2 0 (4)	125 15 8	135 8 0 (26)	118 2 0 (5)	125 10 3	960
January	25½*	44⅜	133 4 0 (23)	119 7 0 (31)	128 15 0	132 12 0 (22)	117 4 0 (30)	128 10 4	2,050
February	25½*	44⅜	129 10 0 (22)	119 6 0 (5)	124 14 1	128 2 0 (23)	119 0 0 (5)	124 7 6	3,250
March	25½*	44⅜	131 12 0 (5)	124 6 0 (16)	127 15 9	132 0 0 (5)	123 12 0 (16)	127 9 0	1,900

Figures within brackets refer to dates of quotations. * The price was changed from 23½d. per standard ounce to 25½d. per fine cunce from 2nd January 1945.

STATEMENT VIII

PURCHASES OF STERLING BY THE RESERVE BANK OF INDIA SINCE 1937-38

(Reference paragraph 24)

(In thousands of £ and rupees)

Net purchases †		Average rate of purchases*			Net purchases †		Average rate of purchases*	
£	Rs.	s.	d.		£	Rs.	s.	d.
25,140	33,28,87	1	$6\frac{1}{8}$	1937-38	25,468	34,06,19	1	$5\frac{15}{16}$
72,596	96,86,20	1	$5\frac{31}{32}$	1939-40	57,083	76,10,90	1	6
73,319	97,75,72	1	6	1941-42	91,673	122,22,43	1	6
1943-44				Months	1944-45			
9,219	12,29,25	1	6	April	8,783	11,70,85	1	6
8,721	11,62,79	1	6	May	4,855	6,47,11	1	6
6,338	8,45,08	1	6	June	6,824	9,09,74	1	6
7,006	9,34,17	1	6	July	12,400	16,53,09	1	6
8,546	11,39,46	1	6	August	10,218	13,62,18	1	6
8,371	11,16,08	1	6	September	7,037	9,38,23	1	6
8,947	11,92,89	1	6	October	9,285	12,37,98	1	6
7,476	9,96,78	1	6	November	9,407	12,54,21	1	6
9,573	12,76,30	1	6	December	9,731	12,97,40	1	6
11,130	14,84,03	1	6	January	4,447	5,92,61	1	6
5,595	7,45,88	1	6	February	3,601	4,79,58	1	6
14,388	19,18,41	1	6	March	5,220	6,95,38	1	6
105,310	140,41,12	1	6	Total	91,808	122,38,36	1	6

† Represent excess of deliveries under ready and/or forward contracts over sales. * Nearest to $\frac{1}{16}$ d.

STATEMENT IX

PROVINCIAL GOVERNMENT BUDGETS, 1945-46

(Reference paragraph 34)

(In lakhs of rupees)

Province	Accounts 1943-44			Revised Estimates 1944-45			Budget Estimates 1945-46		
	Revenue	Expenditure	Surplus + Deficit —	Revenue	Expenditure	Surplus + Deficit —	Revenue	Expenditure	Surplus + Deficit —
Madras	29,84	29,84	..	40,37	40,20	+ 17	41,25	40,45	+ 80
Bombay	25,21	21,50	+ 3,71	32,12	31,23	+ 89	29,09	29,09	..
Bengal	23,72	26,75	— 3,03	35,66	47,01	—11,35	28,79	37,39	— 8,60
United Provinces ..	24,26	24,24	+ 2	27,53	27,38	+ 15	27,52	27,37	+ 15
Punjab	21,20	16,84	+ 4,36	22,49	21,10	+ 1,39	21,17	19,25	+ 1,92
Bihar	10,31	10,86	— 55	11,99	10,12	+ 1,87	11,31	8,97	+ 2,34
Central Provinces and Berar	8,56	8,55	+ 1	9,49	9,45	+ 4	9,48	9,46	+ 2
Assam	5,16	4,45	+ 71	5,81	6,13	— 32	5,38	5,40	— 2
North-West Frontier Province	2,55	2,35	+ 20	2,76	2,92	— 16	2,67	2,79	— 12
Orissa	2,56	2,54	+ 2	3,13	3,11	+ 2	2,94	3,03	— 9
Sind	9,94	5,93	+ 4,01	9,43	9,40	+ 3	8,57	8,54	+ 3
Total	1,63,31	1,53,85	+ 9,46	2,00,78	2,08,05	— 7,27	1,88,17	1,91,74	— 3,57

STATEMENT X

Subventions and other Payments made by the Centre to the Provinces under the Government of India (Distribution of Revenues) Order as amended

(Reference paragraph 35)

(In lakhs of rupees)

Paid to	INCOME-TAX				JUTE DUTY				SUBVENTIONS			
	1938-39 Accounts	1943-44 Accounts	1944-45 Revised	1945-46 Budget	1938-39 Accounts	1943-44 Accounts	1944-45 Revised	1945-46 Budget	1938-39 Accounts	1943-44 Accounts	1944-45 Revised	1945-46 Budget
Bengal	30·00	3,90·00	5,31·20	4,65·80	2,21·27	1,16·82	1,20·51	1,21·22	..	3,00.00	7,00.00	..
Bombay	30·00	3,90·00	5,31·20	4,65·80	..	..	..	..	..	..	..	..
Madras	22·50	2,92·50	3,98·40	3,49·35	..	..	..	..	..	..	..	..
United Provinces	22·50	2,92·50	3,98·40	3,49·35	..	..	..	..	25·00	..	..	..
Punjab	12·00	1,56·00	2,12·48	1,86·32	..	..	..	..	..	..	..	..
Central Provinces and Berar	7·50	97·50	1,32·80	1,16·45	..	..	..	..	..	..	..	..
Bihar	15·00	1,95·00	2,65·60	2,32·90	17·12	9·68	7·90	7·80	..	..	..	..
Assam	3·00	39·00	53·12	46·58	11·69	11·01	10·72	10·08	30·00	30·00	30·00	30·00
Orissa	3·00	39·00	53·12	46·58	0·92	0·80	0·87	0·90	43·00	40·00	40·00	40·00
N. W. F. P.	1·50	19·50	26·56	23·29	..	..	..	..	1,00·00	1,00·00	1,00·00	1,00·00
Sind	3·00	39·00	53·12	46·58	..	..	..	..	1,05·00	1,05·00	..	..
Total ..	**1,50·00**	**19,50·00**	**26,56·00**	**23,29·00**	**2,51·00**	**1,38·31**	**1,40·00**	**1,40·00**	**3,03·00**	**5,75·00**	**8,70·00**	**1,70·00**

STATEMENT XI

GOVERNMENT BALANCES IN INDIA WITH THE RESERVE BANK OF INDIA AND AT GOVERNMENT TREASURIES, 1944-45

(*Reference paragraphs* 37 & 41)

(In lakhs of rupees)

Reserve Bank of India					Government Treasuries			
Central Government		Provincial Governments		Last day of the month	Central Government		Provincial Governments	
1943-44	1944-45	1943-44	1944-45		1943-44	1944-45	1943-44	1944-45
12,67	67,66	15,25	22,20	April	— 26	— 29	83	1,59
9,68	56,27	8,28	13,97	May	4	— 29	92	1,20
8,39	70,90	10,03	16,54	June	20	9	1,00	1,20
18,99	1,08,37	9,14	17,71	July	6	— 3	89	1,38
21,25	1,34,42	7,77	16,41	August	— 22	33	1,11	1,59
21,52	1,84,80	12,44	13,72	September	2	50	37	1,19
26,74	1,92,96	12,62	11,72	October	5	6	1,03	1,47
56,80	2,28,82	9,48	12,78	November	13	17	1,09	1,46
12,59	2,50,83	9,90	14,19	December	19	— 22	1,04	1,49
39,75	2,70,54	18,13	22,66	January	— 19	45	1,63	2,09
51,14	2,49,91	16,56	18,42	February	— 40	7	1,70	1,94
83,49	2,68,79	24,72	29,90	March	— 14	— 20	2,10	3,20
30,25	**1,73,69**	**12,86**	**17,52**	**Average**	**— 4**	**5**	**1,14**	**1,65**

STATEMENT XII

GOVERNMENT OF INDIA TREASURY BILLS SINCE 1918-19

(Reference paragraph 38)

(In thousands of rupees)

YEAR	Amount offered for tender	Amount tendered	Amount sold	Amount of intermediates sold	Total amount sold	Amount outstanding at end of year*
1918–19	....	....	87,09,05	....	87,09,05	49,24,30
1919–20	....	....	102,48,00	....	102,48,00	52,98,00
1920–21	....	....	139,18,00	....	139,18,00	104,93,10
1921–22	....	....	139,26,00	....	139,26,00	111,85,70
1922–23	....	....	95,84,00	....	95,84,00	71,23,90
1923–24	....	....	50,68,00	....	50,68,00	51,77,20
1924–25	....	....	....	....	....	49,65,40
1925–26	....	....	....	....	....	49,65,15
1926–27	....	....	....	....	....	41,47,15
1927–28	33,75,00	53,62,30	25,86,90	4,50,45	30,37,35	39,52,55
1928–29	31,75,00	38,19,50	20,48,75	1,89,25	22,38,00	43,14,80
1929–30	65,00,00	93,85,25	44,73,00	20,00,75	64,73,75	65,25,45
1930–31	96,00,00	107,22,50	69,11,00	89,91,75	159,02,75	61,26,50
1931–32	104,00,00	107,60,75	75,00,00	126,25,50	201,25,50	97,19,85
1932–33	81,00,00	139,32,00	65,97,00	55,60,25	121,57,25	61,57,20
1933–34	80,00,00	120,95,00	76,14,25	35,98,75	112,13,00	59,23,70
1934–35	61,50,00	103,65,25	59,47,50	29,35,00	88,82,50	54,34,25
1935–36	58,00,00	113,51,50	57,76,75	12,73,75	70,50,50	32,13,00
1936–37	83,00,00	125,99,00	80,98,50	....	80,98,50	28,53,75
1937–38	72,00,00	117,86,00	71,99,25	....	71,99,25	38,00,50
1938–39	83,50,00	128,90,25	82,13,25	15,35,75	97,49,00	46,30,00
1939–40	71,50,00	116,96,50	70,50,00	49,93,00	120,43,00	54,70,50
1940–41	84,00,00	162,48,00	84,00,00	17,32,75	101,32,75	68,90,25
1941–42	81,00,50	140,27,00	81,00,50	37,59,50	118,60,00	136,97,75
1942–43	317,00,00	527,43,50	309,42,00	62,50,75	371,92,75	264,69,50
1943–44	384,00,00	628,59,00	359,71,25	36,47,50	396,18,75	110,61,25
1944–45	252,00,00	551,48,50	229,27,75	....	229,27,75	86,70,50

* Including holdings in the Currency Reserve up to 1934-35 and in the Issue Department of the Bank thereafter.

STATEMENT XIII

GOVERNMENT OF INDIA THREE MONTHS TREASURY BILLS, 1944-45

(Reference paragraph 38)

(In thousands of rupees)

SALES TO PUBLIC

1944—45 Week		Amount offered for tender	Amount tendered	Amount sold	Amount discharged	Amount outstanding	Total amount outstanding including amount outstanding on account of Issue Department, Provinces and others	*Average rate of discount of accepted tenders* Rs. a. p.
April	7	4,00,00	80,75	80,25	6,00,00	70,87,00	103,90,00	0 12 10
„	14	2,00,00	1,18,00	1,09,00	5,74,75	66,21,25	101,12,25	0 13 0
„	21	2,00,00	3,62,00	1,88,75	7,56,75	60,53,25	96,39,25	0 12 9
„	28	2,00,00	6,01,00	2,07,25	8,43,50	54,17,00	90,78,00	0 12 0
May	5	4,00,00	12,14,50	4,08,00	8,23,25	50,01,75	88,10,75	0 10 11
„	12	4,00,00	13,18,75	4,00,00	8,00,00	46,01,75	82,85,75	0 9 0
„	19	4,00,00	15,22,75	4,00,00	8,00,25	42,01,50	79,65,50	0 8 0
„	26	4,00,00	13,39,00	4,00,00	90,50	45,11,00	81,60,00	0 6 10
June	2	6,00,00	12,40,75	5,75,00	1,25	50,84,75	86,78,75	0 5 11
„	9	6,00,00	11,09,75	6,24,25	9,46,00	47,63,00	80,12,00	0 6 3
„	16	6,00,00	9,42,00	5,95,75	1,14,50	52,44,25	83,88,25	0 7 8
„	23	6,00,00	9,66,75	5,80,75	4,56,25	53,68,75	85,90,75	0 8 4
„	30	6,00,00	8,03,25	6,24,25	7,97,50	51,95,50	84,44,50	0 8 0
July	7	4,00,00	7,42,25	4,00,00	80,25	55,15,25	88,21,75	0 7 9
„	14	4,00,00	8,44,25	3,96,00	1,11,00	58,00,25	91,85,75	0 7 9
„	21	4,00,00	9,07,25	3,88,75	1,83,75	60,05,25	93,27,75	0 7 10
„	28	4,00,00	12,43,00	4,08,25	2,01,50	62,12,00	93,59,50	0 7 9
August	4	4,00,00	12,97,25	4,06,75	15,50	66,03,25	96,90,75	0 7 9
„	11	4,00,00	14,91,25	3,05,25	6,18,25	62,90,25	93,02,75	0 7 9
„	18	6,00,00	19,25,00	6,78,00	2,08,25	67,60,00	98,67,50	0 7 8
„	25	6,00,00	13,32,50	5,69,75	3,80,00	69,49,75	100,17,75	0 7 10
September	1	6,00,00	14,52,50	5,11,50	3,97,00	70,64,25	101,68,50	0 7 9
„	8	6,00,00	14,57,50	7,00,25	10,37,00	67,27,50	97,72,00	0 7 9
„	15	6,00,00	14,61,50	5,77,50	1,63,00	71,42,00	102,46,50	0 7 11
„	22	6,00,00	11,23,75	6,26,75	6,00,00	71,68,75	102,48,25	0 7 10
„	29	6,00,00	10,00,50	6,31,25	6,00,00	72,00,00	103,57,50	0 7 11
October	6	6,00,00	11,31,50	5,72,25	6,20,25	71,52,00	101,44,00	0 7 11
„	13	6,00,00	10,99,00	5,79,50	3,79,75	73,51,75	102,23,75	0 7 11
„	20	6,00,00	12,80,75	48,25	4,00,00	70,00,00	99,65,50	0 8 0
„	27	6,00,00	14,14,50	11,89,00	4,07,25	77,81,75	107,27,25	0 7 11
November	3	6,00,00	15,00,50	6,00,75	7,03,25	76,79,25	105,91,75	0 7 11
„	10	6,00,00	15,78,00	5,21,25	1,65,50	80,35,00	110,74,50	0 7 10
„	17	6,00,00	17,73,50	6,17,00	3,24,00	83,28,00	113,35,50	0 7 11
„	24	6,00,00	9,61,00	6,72,00	6,00,00	84,00,00	112,57,50	0 8 0
December	1	6,00,00	11,28,75	5,80,25	10,64,25	79,16,00	107,58,50	0 7 11
„	8	6,00,00	13,29,50	5,84,25	7,00,00	78,00,25	106,28,75	0 7 11
„	15	6,00,00	10,15,25	5,78,50	5,77,50	78,01,25	108,24,75	0 8 0
„	22	6,00,00	10,30,25	6,26,75	6,25,75	78,02,25	109,67,00	0 8 2
„	29	6,00,00	8,58,25	44,50	6,31,25	72,15,50	103,05,25	0 8 0
January	5	6,00,00	2,31,00	3,70,00	....	75,85,50	105,65,25	0 8 10
„	12	6,00,00	1,39,00	91,75	6,00,00	70,77,25	101,28,00	0 8 10
„	19	6,00,00	3,28,25	1,41,00	6,00,00	66,18,25	97,77,00	0 9 0
„	26	6,00,00	5,55,00	4,92,75	6,00,00	65,11,00	97,93,50	0 9 0
February	2	4,00,00	4,01,00	3,88,50	6,00,00	62,99,50	96,49,00	0 9 0
„	9	2,00,00	7,18,75	1,97,25	6,00,00	58,96,75	93,02,75	0 9 0
„	16	2,00,00	14,25,00	1,59,50	6,00,00	54,56,25	90,58,25	0 8 3
„	23	2,00,00	12,95,25	1,80,00	6,00,00	50,36,25	87,87,25	0 6 10
March	2	2,00,00	9,16,25	2,99,50	12,00,00	41,35,75	81,41,75	0 5 4
„	9	4,00,00	10,89,00	4,00,00	5,93,50	39,42,25	87,68,25	0 5 3
„	16	4,00,00	14,77,25	4,00,00	6,06.50	37,35,75	85,91,75	0 5 6
„	23	4,00,00	12,91,25	4,00,00	6,00,00	35,35,75	83,38,75	0 5 0
„	30	4,00,00	12,83,00	4,00,00	2,53,25	36,82,50	86,70,50	0 5 0
Total		**252,00,00**	**551,48,50**	**229,27,75**	**268,52,00**	**36,82,50**	**86,70,50**	0 7 10

There were no sales of Intermediates during the year.

STATEMENT XIV.

GOVERNMENT OF INDIA TREASURY BILLS TRANSACTIONS, 1944-45*

(Reference paragraph 38)

(In thousands of rupees)

1943-44 PUBLIC					1944-45 PUBLIC			
Sales	Discharges	Outstandings	Total amount outstanding including amount outstanding on account of Issue Department, Provinces and others	MONTH	Sales	Discharges	Outstandings	Total amount outstanding including amount outstanding on account of Issue Department, Provinces and others
40,08,25	39,07,25	117,91,50	**229,46,00**	April	5,93,25	27,83,00	54,17,00	**90,43,00**
43,74,50	41,89,75	119,76,25	**227,70,75**	May	16,00,00	25,07,00	45,10,00	**81,69,00**
47,10,50	35,81,50	131,05,25	**240,11,25**	June	30,00,00	23,14,50	51,95,50	**84,44,50**
35,19,25	40,80,25	125,44,25	**223,69,25**	July	16,00,00	5,92,00	62,03,50	**93,21,00**
32,00,00	43,04,50	114,39,75	**186,63,75**	August	20,00,00	16,03,50	66,00,00	**97,04,25**
39,96,50	48,02,25	106,34,00	**162,25,00**	September	30,00,00	30,00,00	66,00,00	**97,57,50**
32,03,50	34,24,75	104,12,75	**131,40,00**	October	24,00,00	16,00,00	74,00,00	**103,93,50**
26,00,00	32,12,75	98,00,00	**126,35,50**	November	24,00,00	20,00,00	78,00,00	**106,42,50**
24,00,00	39,99,50	82,00,50	**112,76,75**	December	26,53,25	29,98,75	74,54,50	**104,81,25**
28,00,00	32,00,50	78,00,00	**110,36,50**	January	8,94,25	24,00,00	59,48,75	**92,68,25**
24,89,50	25,97,00	76,92,50	**108,45,00**	February	9,87,00	24,00,00	45,35,75	**84,21,75**
23,16,75	24,02,50	76,06,75	**110,61,25**	March	18,00,00	26,53,25	36,82,50	**86,70,50**
396,18,75	**437,02,50**	**76,06,75**	**110,61,25**	**Total**	**229,27,75**	**268,52,00**	**36,82,50**	**86,70,50**

* No Ways and Means Advances were taken during the year.

STATEMENT XV

PROVINCIAL GOVERNMENT THREE MONTHS TREASURY BILLS, 1944-45

(Reference paragraph 42)

(In thousands of rupees)

Week ended	Issuing Government	Amount offered for tender	Amount tendered	Amount sold	Average rate of discount per cent. per annum Rs. a. p.	Amount outstanding with the public
1944-45						
April 28 ..	Assam	1,00,00	1,70,00	1,00,00	0 13 0	2,50,00
May 26 ..	Bengal	4,00,00	7,35,00	4,00,00	0 8 0	10,00,00
June 9 ..	Assam	1,50,00	3,00,00	1,50,00	0 8 0	2,50,00
June 9 ..	Bengal	5,50,00	7,93,00	5,50,00	0 7 9	13,50,00
June 23 ..	Bengal	1,50,00	2,60,00	1,50,00	0 9 4	11,50,00
July 28 ..	Assam	2,00,00	2,70,00	2,00,00	0 8 11	3,50,00
Sept. 1 ..	Bengal	4,00,00	8,00,00	4,00,00	0 9 0	11,50,00
Sept. 8 ..	Bengal	5,00,00	8,25,00	5,00,00	0 8 10	11,00,00
Sept. 8 ..	Assam	1,50,00	1,90,00	1,50,00	0 8 10	3,50,00
Nov. 3 ..	Assam	2,50,00	3,45,00	2,50,00	0 9 0	4,00,00
Nov. 24 ..	Madras	1,00,00	3,10,00	1,00,00	0 9 0	1,00,00
Dec. 1 ..	Bengal	5,00,00	10,35,00	5,00,00	0 9 0	10,00,00
Dec. 8 ..	Bengal	5,00,00	5,90,00	5,00,00	0 9 5	10,00,00
Dec. 8 ..	Assam	2,50,00	3,66,00	2,50,00	0 9 0	5,00,00
Dec. 15 ..	Orissa	50,00	1,26,00	50,00	0 9 0	50,00
Jan. 5 ..	Assam	1,00,00	1,25,00	1,00,00	0 9 9	6,00,00
Jan. 26 ..	Assam	2,50,00	3,40,00	2,50,00	0 10 0	8,50,00
Feb. 2 ..	Bengal	5,00,00	5,10,00	5,00,00	0 10 0	15,00,00
Mar. 9 ..	Assam	1,00,00	4,45,00	1,00,00	0 6 0	4,50,00
Mar. 16 ..	Orissa	50,00	2,20,00	50,00	0 6 0	50,00
Mar. 30 ..	Assam	1,00,00	2,10,00	1,00,00	0 6 5	4,50,00
3 Provinces	**Total**	**1941-42**	**18,14,25**	**8,15,00**		**1,00,00**
5 Provinces	**"**	**1942-43**	**9,67,50**	**4,35,00**		**80,00**
6 Provinces	**"**	**1943-44**	**65,63,50**	**45,65,00**		**17,30,00**
4 Provinces	**"**	**1944-45**	**89,65,00**	**53,50,00**		**10,00,00**

STATEMENT XVI

PUBLIC DEBT OF INDIA SINCE 1913-14

(Reference paragraph 46)

(A) Rupee Debt .

(In crores of rupees)

End of March	Undated	*Percentage of Total*	Over 10 years	*Percentage of Total*	Between 5 and 10 years	*Percentage of Total*	Under 5 years	*Percentage of Total*	Treasury Bills	*Percentage of Total*	Post Office Savings Bank Deposits and Cash Certificates	*Percentage of Total*	*Other obligations	*Percentage of Total*	Total	*Percentage increase(+) or decrease(—)*
1914 ..	144·52	*80·4*	1·00	*0·6*	—	—	—	—	—	—	23·17	*12·9*	11·08	*6·1*	**179·77**	—
1919 ..	143·20	*39·9*	26·42	*7·4*	29·44	*8·2*	59·43	*16·5*	49·24	*13·7*	27·03	*7·5*	24·02	*6·6*	**358·78**	*+99·5*
1924 ..	137·25	*28·4*	29·29	*6·1*	96·93	*20·1*	94·45	*19·6*	51·77	*10·7*	33·21	*6·9*	39·62	*8·2*	**482·52**	*+35·5*
1929 ..	137·41	*24·9*	121·03	*21·9*	50·25	*9·2*	81·54	*14·8*	43·15	*7·8*	56·79	*10·3*	61·04	*11·1*	**551·21**	*+14·2*
1934 ..	126·69	*18·3*	160·73	*23·2*	67·93	*9·8*	79·22	*11·4*	59·24	*8·5*	115·94	*16·7*	83·34	*12·1*	**693·09**	*+25·7*
1939 ..	128·46	*18·1*	113·80	*16·0*	124·71	*17·6*	70·89	*9·9*	46·30	*6·5*	141·46	*19·8*	84·34	*11·8*	**709·96**	*+ 2·4*
1940 ..	139·93	*19·2*	147·24	*20·2*	113·75	*15·6*	49·35	*6·8*	54·71	*7·5*	135·35	*18·6*	87·48	*12·1*	**727·79**	*+ 2·6*
1941 ..	148·52	*17·3*	182·98	*21·2*	150·31	*17·5*	95·07	*11·0*	68·90	*8·0*	108·80	*12·6*	106·59	*12·4*	**861·17**	*+18·3*
1942 ..	164·18	*17·4*	261·77	*27·8*	68·75	*7·3*	117·16	*12·5*	136·98	*14·6*	95·55	*10·2*	96·61	*10·3*	**941·00**	*+ 9.3*
1943 ..	245·50	*20·3*	238·68	*19·8*	91·75	*7·6*	172·80	*14·3*	264·70	*21·9*	92·77	*7·7*	99·98	*8·3*	**1,206·18**	*+28·2*
1944 ..	283.89	*21.2*	454.43	*33.8*	85.38	*6.4*	182.86	*13.6*	110.61	*8.2*	118.47	*8.8*	107.05	*8.0*	**1,342.69**	*+11.3*
1945(Preliminary)	284·03	*18·1*	395·97	*25·2*	282·42	*18·0*	249·49	*15·9*	86·71	*5·5*	157·52	*10·0*	115·71	*7·3*	**1,571·85**	*+17·1*

* Includes (1) the unclaimed balance of old loans which have ceased to bear interest from the date of discharge, (2) balance of special loans (the bulk of this relates to endowments made by the late King of Oudh for payment of pensions and stipends or for specific purposes of a religious or charitable character, guaranteed by Government), (3) balances of State Provident Funds, Pension Funds, and other accounts such as General Family Pension Fund, the Hindu Family Annuity Fund, the Postal Insurance and Life Annuity Fund, etc., and (4) the amount of Three-Year Interest-Free Bonds and Five Year Interest-Free Prize Bonds.

STATEMENT XVI—(*continued*)

PUBLIC DEBT OF INDIA SINCE 1913-14

(B) Sterling Debt *

(*Reference paragraph* 46)

(In crores of rupees)

End of March	Undated	*Percentage of Total*	Over 10 years	*Percentage of Total*	Between 5 and 10 years	*Percentage of Total*	Under 5 years	*Percentage of Total*	† Other obligations	*Percentage of Total*	Total		*Percentage increase (+) or decrease (—)*
1914	265·57	*99·9*	—	—	—	—	—	—	0·24	*0·1*	**265·81**		—
1919	257·80	*84·8*	45·96	*15·1*	—	—	—	—	0·32	*0·1*	**304·08**	+	*14·4*
1924	366·80	*92·2*	28·90	*7·3*	—	—	—	—	2·06	*0·5*	**397·76**	+	*30·8*
1929	296·61	*62·7*	169·93	*36·0*	4·66	*1·0*	—	—	1·58	*0·3*	**472·78**	+	*18·9*
1934	269·19	*52·6*	198·50	*38·8*	—	—	43·08	*8·4*	1·38	*0·2*	**512·15**	+	*8·3*
1939	268·05	*57·1*	135·11	*28·8*	29·30	*6·3*	32·46	*6·9*	4·18	*0·9*	**469·10**	—	*8·4*
1940	255·63	*57·8*	115·44	*26·1*	39·09	*8·8*	28·15	*6·4*	4·18	*0·9*	**442·49**	—	*5·7*
1941	246·81	*71·6*	40·81	*11·8*	32·87	*9·5*	20·62	*5·9*	3·82	*1·1*	**344·93**	—	*22·1*
1942	134·00	*63·6*	34·66	*16·4*	17·32	*8·2*	20·95	*9·9*	3·77	*1·8*	**210·70**	—	*38·9*
1943‡	20·32	*36·5*	4·06	*7·3*	6·88	*12·4*	20·62	*37·1*	3·71	*6·7*	**55·59**	—	*73·6*
1944‡	3·35	*8·6*	3·97	*10·1*	5·82	*14·9*	21·56	*55·1*	4·44	*11·3*	**39·14**	—	*29·4*
1945‡ (Preliminary) ..	2·96	*7·8*	2·98	*7·9*	5·81	*15·4*	22·45	*59·4*	3·60	*9·5*	**37·80**	—	*3·4*

* Converted at 1sh. 4d. per rupee up to 1923-24 and thereafter at 1sh. 6d. † Including (1) the unclaimed balances of old loans which have ceased to bear interest from the date of discharge and (2) the balances relating to Service Funds. ‡ Excluding Railway Annuities.

STATEMENT XVII

(A) Post Office Cash Certificates *

(Reference paragraph 48)

(In lakhs of rupees)

	Receipts	Repayments	Net receipts	Amount outstanding
1917–18	10,00	1,12	8,88	8,88
1918–19 } 1919–20 }	4,03	7,16	— 3,13	5,75
1920–21 } 1921–22 }	1,00	2,41	— 1,41	4,34
1922–23 } 1923–24 }	7,61	3,53	4,08	8,42
1924–25 } 1925–26 }	15,65	3,10	12,55	20,97
1926–27 } 1927–28 }	13,61	3,88	9,73	30,70
1928–29	4,91	3,31	1,60	32,30
1929–30	7,15	4,45	2,70	35,00
1930–31	11,78	8,35	3,43	38,43
1931–32	14,49	8,34	6,15	44,58
1932–33	15,74	4,68	11,06	55,64
1933–34	13,31	5,24	8,07	63,71
1934–35	9,95	7,70	2,25	65,96
1935–36	13,45	13,43	2	65,98
1936–37	14,88	16,46	— 1,58	64,40
1937–38	13,97	18,16	— 4,19	60,21
1938–39	14,71	15,35	— 64	59,57
1939–40	10,25	12,80	— 2,55	57,02
1940–41	4,89	14,93	—10,04	46,98
1941–42	3,97	11,94	— 7,97	39,01
1942–43	3,76	8,20	— 4,44	34,57
1943–44	5,50	5,43	7	34,64
1944–45	5,48	4,31	1,17	35,81

* Figures for Burma are included up to 1936-37.

(B) Post Office Defence Savings Certificates †

	Receipts	Repayments	Net receipts	Amount outstanding
1940–41	2,41	12	2,29	2,29
1941–42	2,81	75	2,06	4,35
1942–43	2,02	81	1,21	5,56
1943–44	2,43	1,02	1,41	6,97
1944–45		55	— 55	6,42

† Replaced by the Twelve-year National Savings Certificates from the 1st October 1943.

(C) Post Office National Savings Certificates

	Receipts	Repayments	Net receipts	Amount outstanding
1943–44	8,66	1	8,65	8,65
1944–45	19,39	1	19,38	28,03

STATEMENT XVIII

(A) Post Office Savings Bank *

(*Reference paragraph* 48)

(In lakhs of rupees)

	Deposits	Interest	Withdrawals	Net increase in Deposits	Amount outstanding
1913–14	10,99	61	9,04	2,56	23,16
1914–15	9,07	53	17,88	— 8,28	14,89
1915–16	7,73	43	7,73	43	15,32
1916–17	8,93	45	8,10	1,28	16,59
1917–18	9,72	44	10,17	— 1	16,58
1918–19	12,99	46	11,21	2,24	18,82
1919–20	17,18	56	15,22	2,52	21,34
1920–21	18,22	62	17,33	1,51	22,86
1921–22	17,11	61	18,32	— 60	22,26
1922–23	17,07	62	16,75	94	23,19
1923–24	17,71	67	16,79	1,59	24,78
1924–25	17,44	71	17,64	51	25,63
1925–26	19,05	73	18,19	1,59	27,23
1926–27	20,38	79	18,89	2,28	29,50
1927–28	23,14	86	20,84	3,16	32,66
1928–29	26,24	97	25,39	1,82	34,49
1929–30	26,25	1,02	24,63	2,64	37,13
1930–31	24,36	1,04	25,50	— 10	37,02
1931–32	27,39	1,08	27,29	1,18	38,20
1932–33	30,96	1,15	26,86	5,25	43,45
1933–34	36,87	1,28	29,37	8,78	52,23
1934–35	38,67	1,34	37,26	2,75	58,30
1935–36	46,33	1,50	38,88	8,95	67,25
1936–37	43,38	1,45	37,40	7,43	74,68
1937–38	43,27	1,46	39,76	4,97	77,56
1938–39	44,61	1,42	41,65	4,38	81,94
1939–40	40,51	1,15	45,22	— 3,56	78,38
1940–41	25,35	93	45,09	—18,81	59,57
1941–42	21,91	83	30,18	— 7,44	52,13
1942–43	22,26	73	22,84	15	52,28
1943–44	35,22	93	24,19	11,96	64,24
1944–45	43,76	1,21	28,94	16,03	80,27

* Figures for Burma are included up to 1936-37.

(B) Post Office Defence Savings Bank

	Deposits	Withdrawals	Net increase in Deposits	Amount outstanding
1941–42	11	..	11	11
1942–43	29	..	29	40
1943–44	3,59	1	3,58	3,98
1944–45	4,37	2	4,35	8,33

STATEMENT XIX.

Post Office Savings Certificates and Savings Bank Deposits (Monthly)

(Reference paragraph 48)

(In lakhs of rupees)

	Post Office Cash Certificates		Defence Savings Certificates		National Savings Certificates		Post Office Savings Bank Deposits		Defence Savings Bank Deposits	
	Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding
1943-44										
April	40	34,51	20	5,70	....	....	2,81	53,23	4	45
May	43	34,47	24	5,87	....	....	2,70	53,88	2	47
June	47	34,50	33	6,14	....	....	2,92	54,89	8	55
July	51	34,55	48	6,55	....	....	3,03	56,03	17	72
August	53	34,66	46	6,94	....	....	2,87	57,06	34	1,06
September	53	34,74	61	7,46	....	....	2,82	57,82	43	1,49
October	43	34,74	12	7,48	63	63	2,63	58,64	23	1,72
November	48	34,73	—2	7,37	1,09	1,72	2,96	59,60	49	2,21
December	47	34,72	....	7,26	1,53	3,25	2,84	60,27	31	2,52
January	47	34,74	....	7,15	1,55	4,80	2,84	61,03	41	2,93
February	43	34,75	....	7,06	1,39	6,19	3,07	62,00	46	3,39
March	35	34,64	....	6,97	2,47	8,65	3,73	64,24	61	3,98
1944-45										
April	33	34,56	....	6,91	84	9,49	3,16	65,03	57	4,59
May	39	34,55	....	6,86	54	10,03	3,38	66,04	78	5,37
June	42	34,62	....	6,80	61	10,64	3,40	67,20	70	6,07
July	48	34,73	....	6,76	77	11,41	3,58	68,72	33	6,40
August	54	34,87	....	6,71	1,17	12,58	3,61	70,12	12	6,52
September	49	35,04	....	6,67	1,38	13,96	3,58	71,44	7	6,59
October	49	35,20	....	6,63	1,26	15,22	3,62	72,73	8	6,67
November	49	35,37	....	6,58	1,31	16,53	3,63	73,86	13	6,80
December	49	35,49	....	6,54	1,58	18,11	3,53	74,87	37	7,17
January	49	35,62	....	6,50	4,12	22,23	3,80	75,91	48	7,65
February	41	35,69	....	6,47	2,29	24,44	3,66	77,07	36	8,01
March	46	35,81	....	6,42	3,52	28,03	4,81	80,27	38	8,33

STATEMENT XX

Debt Position of Provinces since 1936-37

(Reference paragraph 50)

(In lakhs of rupees)

	At the end of								
	1936-37	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45
I Public Debt									
(a) Permanent Debt	8,72	12,64	15,07	19,60	23,33	23,04	31,07	39,63	50,92
(b) Floating Debt	....	....	1,50	1,80	50	1,00	82	29,40	68,23
(c) Loans from Central Government	1,43,80	1,24,67	1,23,24	1,21,77	1,20,54	1,18,49	1,11,11	98,66	66,57
II Unfunded Debt	15,03	22,39	23,39	24,44	25,54	26,62	27,26	28,59	29,77
III Gross Total Debt (Total of I and II)	**1,67,55**	**1,59,70**	**1,63,20**	**1,67,61**	**1,69,91**	**1,69,15**	**1,70,26**	**1,96,28**	**2,15,49**
IV Net Debt (Deduct outstanding loans and advances made by Provincial Governments)	1,04,63	1,00,32	1,02,48	1,35,65	1,38,98	1,37,92	1,42,50	1,67,50	1,85,79
V Provision for the reduction of Debt during the year	2,31	1,60	1,06	1,51	2,84	3,64	14,85	53,44	1,30,96
VI Closing Cash Balance	10,10	10,07	7,34	9,59	10,64	19,11	30,44	31,73	36,96

STATEMENT XXI

PRICES (ANNUAL) OF REPRESENTATIVE RUPEE SECURITIES OF THE GOVERNMENT OF INDIA SINCE 1914-15

(Reference paragraph 52)

(In rupees)

	5 per cent. Loan 1945-55 (free of income-tax)		4 per cent. Loan 1960-70		3½ per cent. Loan 1947-50		3½ per cent. Loan (non-terminable)		3 per cent. Loan 1951-54		3 per cent. Loan 1963-65	
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1914-15 ..	..	..	..	..	..	..	96 1/16	91½	..	..	..	..
1920-21 ..	96	78½	..	..	..	..	60	52	..	..	..	..
1925-26 ..	104½	98 13/16	..	..	..	..	74½	67⅝	..	..	..	..
1926-27 ..	110¼	104 9/16	90 1/16	86 9/16	..	..	79 1/16	74⅜	..	..	..	..
1927-28 ..	108 13/16	105 13/16	90	87 9/16	..	..	79 5/16	74⅜	..	..	..	..
1928-29 ..	106 11/16	102 1/16	88¼	83⅜	..	..	75⅝	71	..	..	..	..
1929-30 ..	103¼	100	84⅝	75⅞	..	..	72 5/16	63 15/16	..	..	..	..
1930-31 ..	101 9/16	99¼	77⅛	73	..	..	68⅞	61 5/16	..	..	..	..
1931-32 ..	101 11/16	88½	75½	58½	..	..	63½	51	..	..	..	..
1932-33 ..	113⅜	98⅜	100 3/16	67½	..	..	88 9/16	60½	..	..	..	..
1933-34 ..	115 1/16	109	103⅛	90¾	97¾	90	88¾	79 3/16	..	..	..	..
1934-35 ..	119 9/16	114⅝	111 7/16	101¾	102 15/16	97 7/16	98¾	87½	..	..	..	..
1935-36 ..	120⅛	114¾	113⅝	103	107⅜	100 9/16	99⅝	87 9/16	103½	96¾	..	..
1936-37 ..	121 9/16	117½	116 1/16	109¾	108⅛	103⅞	100 15/16	91¼	105	100½	..	..
1937-38 ..	120¾	118	114 7/16	110⅛	107¼	105	99⅛	92 9/16	102⅞	100⅞	..	..
1938-39 ..	118⅜	111	114⅞	107½	106 7/16	103	99¼	90⅜	103¼	100	98⅜	96
1939-40 ..	114¼	102	111 3/16	94	104⅝	92¾	97 15/16	80⅞	101 1/16	86	97 13/16	82
1940-41 ..	112⅞	105½	109	99	104⅛	98¾	96 1/16	84⅜	99 9/16	92¾	95	85⅛
1941-42 ..	111 11/16	104	111⅛	99	103¼	96¾	96 1/16	84	100	93½	95 1/16	85½
1942-43 ..	109⅛	105 1/16	110 7/16	103 1/16	104	97 9/16	94	88 1/16	99⅞	94	95½	88½
1943-44 ..	108 3/16	104¼	112¾	110 7/16	103 15/16	103	99⅜	94	100 5/16	99⅞	98 13/16	95½
1944-45 ..	104 13/16	102 5/16	113 1/16	110¼	104¼	101 15/16	100 1/16	96⅛	101 3/16	98¾	99⅜	96½

STATE

Representative Rupee Securities

Prices in Bombay,

(*Reference*

	5 per cent. Loan 1945-55 (free of income-tax)				4 per cent. Loan 1960-70				3½ per cent. Loan 1947-50		
	Highest	Lowest	Average	Average Yield	Highest	Lowest	Average	Average Yield	Highest	Lowest	Average
1944-45											
April	104½ (3–29)	104½ (3–29)	104½	1·94	112¼ (3)	110¼ (11, 12)	111⅛	3·13	102⅞ (3, 28, 29)	101 15/16 (11)	102 7/16
May	104½ (1–3, 30, 31)	104⅜ (10–18)	104 7/16	1·81	112⅛ (30, 31)	111½ (5–11)	111⅜	3·08	103⅛ (25–31)	102¾ (4)	102 15/16
June	104 13/16 (30)	104 9/16 (1)	104 11/16	1·44	112 9/16 (13–19)	112¼ (1)	112½	3·02	103⅜ (30)	103¼ (1–21)	103¼
July	104 13/16 (3)	104¾ (4–31)	104¾	1·16	112⅝ (10–21)	112 7/16 (3, 4)	112 9/16	3·02	103 9/16 (22–31)	103⅜ (3–4)	103½
August ..	104¾ (1–24)	104½ (30, 31)	104 11/16	0·95	112⅝ (2–31)	112 9/16 (1)	112⅝	3·00	103⅝ (14–31)	103 9/16 (1–11)	103⅝
September ..	104½ (1, 2)	103¾ (28–30)	104	1·27	112¾ (6–15)	112 9/16 (28–30)	112 11/16	3·00	103⅝ (1–30)	103⅝ (1–30)	103⅝
October ..	103 15/16 (10–21)	103 11/16 (25–31)	103 13/16	1·16	112 13/16 (21–31)	112 9/16 (2)	112¾	2·99	104 (27–31)	103⅝ (2–16)	103¾
November ..	103 11/16 (1, 2, 10–20)	103½ (29, 30)	103⅝	1·01	113 (24–30)	112 13/16 (1–7)	112⅞	2·97	104¼ (4–30)	104 (1–3)	104¼
December ..	103½ (1–7)	103 5/16 (9–13, 29, 30)	103⅜	0·92	113 1/16 (4–30)	113 (1, 2)	113 1/16	2·96	104½ (1–8)	104⅛ (21–30)	104 3/16
January ..	103¼ (2–6)	102⅞ (25–31)	103	0·97	113 1/16 (2–10)	112⅝ (29–31)	112⅞	2·97	104⅛ (2–10)	103⅝ (26–31)	103 15/16
February ..	102 13/16 (1–8)	102⅝ (24–28)	102¾	0·86	112⅝ (1–28)	112⅝ (1–28)	112⅝	2·98	103⅝ (1–13)	103½ (14–28)	103 9/16
March	102⅝ (1–5)	102 5/16 (31)	102½	0·70	113 (13–23)	112¾ (1–6, 29, 31)	112⅞	2·96	103 9/16 (12–31)	103½ (1–10)	103 9/16

Figures within brackets refer to dates of quotations.

MENT XXII

OF THE GOVERNMENT OF INDIA

1944-45

paragraph 52)

(In rupees)

	3½ per cent. Loan (non-terminable)				3 per cent. Loan 1951-54				3 per cent. Loan 1963-65			
Average Yield	Highest	Lowest	Average	Average Yield	Highest	Lowest	Average	Average Yield	Highest	Lowest	Average	Average Yield
2·78	98¾ (27, 28)	96⅛ (10)	97 5/16	3·60	99⅞ (29)	98¾ (10, 11)	99 5/16	3·08	98⅜ (27, 28)	96½ (11)	97⅜	3·17
2·61	99⅛ (31)	98 3/16 (5)	98¾	3·54	100⅜ (26–31)	99 13/16 (4)	100 1/16	2·99	98 13/16 (30, 31)	98¼ (4–9)	98½	3·10
2·50	99⅜ (2–6)	99 (16–19)	99 3/16	3·53	100¾ (29, 30)	100⅜ (1–5)	100 5/16	2·92	98⅞ (6, 8, 29, 30)	98¾ (12–27)	98 13/16	3·08
2·40	99 9/16 (8, 11, 29, 31)	99 3/16 (3)	99 7/16	3·52	101 1/16 (10–31)	100¾ (3, 4)	101	2·84	99 1/16 (13–31)	98⅞ (3–6)	99	3·08
2·33	99⅝ (2–11)	99½ (25–31)	99 5/16	3·52	101⅛ (10–30)	101 1/16 (1–9, 31)	101⅛	2·82	99 3/16 (14–17)	99 1/16 (1–9, 31)	99⅛	3·06
2·30	99⅝ (30)	99 3/16 (8)	99 7/16	3·52	101⅛ (5, 6)	101 (19–30)	101 1/16	2·83	99 1/16 (1–7)	99 (8–30)	99	3·07
2·23	99 15/16 (24)	99⅝ (2, 3)	99¾	3·51	101⅛ (23–31)	101 (2, 3)	101 1/16	2·83	99⅛ (4–31)	99 (2)	99⅛	3·06
2·03	100 1/16 (18–20)	99⅞ (1)	100	3·50	101 3/16 (14–30)	101⅛ (1–13)	101 3/16	2·81	99⅜ (23–30)	99⅛ (1, 2)	99¼	3·05
2·01	100 (1–27)	99 13/16 (29, 30)	100	3·50	101 3/16 (1–20)	101 1/16 (23–30)	101 3/16	2·81	99 5/16 (1)	99 1/16 (21–30)	99⅛	3·06
2·06	99⅞ (2–10)	99⅜ (30, 31)	99¾	3·51	101 1/16 (2–10)	100⅝ (29–31)	101 15/16	2·84	99 1/16 (2–10)	98¾ (30, 31)	98 15/16	3·07
2·16	99 11/16 (21–27)	99⅜ (7–9)	99½	3·52	100¾ (22–28)	100½ (7–14)	100⅝	2·89	98¾ (21–28)	98 11/16 (1–20)	98 11/16	3·09
2·12	99¾ (8)	99 9/16 (3–7, 19–31)	99⅝	3·51	101 (10–14)	100¾ (1)	100⅞	2·85	99 (15–23)	98 15/16 (1, 7–9)	98 15/16	3·07

STATE

MONEY

(Reference

	Bank Rate*	Imperial Bank of India Hundi Rate†		Call Money Rate Calcutta		Call Money Rate Bombay		Bazar Bill Calcutta	
		Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1935-36 ..	3 (3½ up to November)	3½ Apr.-Nov.	3 Dec.-Mar.	1 Apr.-July	½ Feb.-Mar.	3½ April	¼ Sept.-Mar.	7 to 8 Apr.-June	5 to 6 Aug.-Nov. & Jan.-Mar.
1936-37 ..	3	3	3	½ Apr.-June	¼ July-Mar.	1½ Jan.	¼ Sept.-Nov.	5 to 6	
1937-38 ..	3	3	3	¾ Apr.-July, Feb.-Mar.	½ Aug.-Jan.	1¼ April	¼ Aug.-Dec.	7 to 8 Nov.-Mar.	5 to 6 Apr.-Sept.
1938-39 ..	3	3	3	2½ Jan.-Feb.	¼ July	2¾ Jan.-Feb.	¼ July, Sept., & Nov.	7 to 8 Apr.-June	6 to 7 July-Mar.
1939-40 ..	3	3½ Nov.-Mar.	3 Apr.-Oct.	2 Apr.-May	¼ Aug.-Sept.	2¼ April	¼ Aug.-Sept.	6 to 7	
1940-41 ..	3	3½ Apr.-Jan.	3 Feb.-Mar.	¾ Apr. & June	½ May & July -Mar.	1¼ April	¼ Aug.-Mar.	6 to 7	
1941-42	3	3		½		¼ Apr. & Jan.	¼ May-Dec., Feb.-Mar.	6 to 7	
1942-43 ..	3	3		½			¼	6 to 7	
1943-44 ..	3	3		½			¼	6 to 7	
1944-45 ..	3	3		½		¼ to ½ April	¼ May-Mar.	6 to 7	
1st of									1944-
April ..	3	3		½			¼	6 to 7	
May ..	3	3		½			¼	6 to 7	
June ..	3	3		½			¼	6 to 7	
July ..	3	3		½			¼	6 to 7	
August ..	3	3		½			¼	6 to 7	
September ..	3	3		½			¼	6 to 7	
October ..	3	3		½			¼	6 to 7	
November ..	3	3		½			¼	6 to 7	
December ..	3	3		½			¼	6 to 7	
January ..	3	3		½			¼	6 to 7	
February ..	3	3		½			¼	6 to 7	
March ..	3	3		½			¼	6 to 7	

* The standard rate at which the Reserve Bank of India is prepared to buy or rediscount bills of exchange Imperial Bank discounts first class three months' commercial bills. ‡ Rates at which the bills of small traders are report-

MENT XXIII

RATES IN INDIA SINCE 1935–36

paragraph 54).

Rate ‡ Bombay		Average Treasury Bill Rate per cent. per annum	Deposit Rates § 3 months		6 months		12 months	
Highest	Lowest		Highest	Lowest	Highest	Lowest	Highest	Lowest
6¾ Apr.-July	3 October	1·21	..	..	..	..	..	..
5¼ Apr.-May, Jan.-Mar.	3⅜ July-Dec.	0·78	..	..	..	..	..	..
5¼ (unchanged)	5¼	0·97	..	..	..	..	..	..
5⅝ Apr. & Feb.	3 October	1·63	2½ January	¾ Aug.-Sept.	2¼ Dec.-Jan.	1½ Aug.-Sept.	2 Dec.-Jan.	1½ Aug.-Sept.
6¾ Jan.-Mar.	5¼ Apr.-Aug. Oct.-Nov.	1·86	2½ Sept.-Feb.	1 June	2½ Sept.	1 June-July	2 Sept. & Dec.-Mar.	1½ Nov.
6¾ Jan.-Mar.	5¼ Apr.-Aug. Oct.-Nov.	0·89	2½ April	¾ Sept.-Mar.	2¼ April	1½ Aug.-Mar.	2 April	1¾ May-Mar.
6¾ Jan.-Mar.	4½ Aug.-Oct.	0·82	1 to 1¼ Feb.-Mar.	½ Sept.	1½ to 1¾ Feb.-Mar.	1 Aug.-Sept.	1¾ to 2 March	1½ to 2 January
6¾ April	5 Aug.-Oct.	0·87	1 to 1¼ Apr.-May	¼ to ½ Sept.-Oct.	1½ to 1¾ Apr.-May	¾ to 1 Sept.-Oct., Dec.-Jan.	1¾ to 2 Apr.-May	1½ to 1¾ June.-Mar.
6 April	4½ May.-Oct.	0·90	¾ to 1 Apr.-June, Dec.-Jan.	½ to ¾ July-Nov., Feb.-Mar	1¼ to 1½ Apr.-June	1 to 1¼ July.-Mar.	1½ to 1¾	
5¼ Apr.-July, Nov.-Mar.	4½ Aug.-Oct.	0·49	½ to ¾ Apr.-May, Oct.-Mar.	¼ to ½ June.-Sept.	1¼ April	½ to ¾ May.-Sept.	1½ to 1¾ Oct.-Dec.	1 to 1½ Feb. & Mar.
45								
5¼		0·79	½ to ¾		1 to 1¼		1½ to 1¾	
5¼		0·54	¾		1¼		1½	
5¼		0·45	¼ to ½		½ to ¾		1¼ to 1½	
5¼		0·48	¼ to ½		½ to ¾		1¼ to 1½	
4½		0·48	¼ to ½		½ to ¾		1¼ to 1½	
4½		0·49	¼ to ½		½ to ¾		1¼ to 1½	
4½		0·49	¼ to ½		½ to ¾		1¼ to 1½	
5¼		0·49	½ to ¾		¾ to 1		1½ to 1¾	
5¼		0·51	½ to ¾		¾ to 1		1½ to 1¾	
5¼		0·56	½ to ¾		¾ to 1		1½ to 1¾	
5¼		0·51	½ to ¾		¾ to 1		1½	
5¼		0·32	½ to ¾		¾ to 1		1 to 1½	

or other commercial paper eligible for purchase under the Reserve Bank of India Act. † The rate at which the ed to have been discounted by shroffs. These are unofficial quotations. § As quoted by the larger banks in Bombay.

STATEMENT XXIV

INDEX NUMBERS OF PRICES (MONTHLY) OF INDIAN SECURITIES (1927-28=100)

(Prepared in the office of the Economic Adviser to the Government of India)

(Reference paragraph 53)

Year and Month	Government Securities	Fixed Yield Industrial Securities	Variable Yield Industrial Securities								General Index.
			Cotton (22 shares)	Jute (20 shares)	Coal (13 shares)	Iron and steel (3 shares)	Tea (19 shares)	Sugar (3 shares)	Cement (1 share)	Paper (2 shares)	
1941-42	**115·9**	**155·9**	**111·0**	**57·2**	**152·5**	**504·3**	**77·7**	**107·2**	**193·9**	**323·9**	**129·0**
1942-43	**115·0**	**144·9**	**146·6**	**53·9**	**161·3**	**441·5**	**86·9**	**141·7**	**235·9**	**359·9**	**138·6**
1943-44	**117·2**	**164·3**	**198·8**	**65·6**	**227·2**	**555·9**	**118·0**	**211·4**	**278·4**	**488·0**	**182·2**
1944-45	**118·0**	**176·2**	**185·2**	**79·3**	**298·1**	**557·5**	**120·3**	**220·0**	**294·0**	**510·1**	**197·3**
1942–43											
April	110·5	130·4	102·0	51·1	151·0	359·1	78·7	114·6	197·6	309·3	**119·1**
May	112·3	131·0	109·3	50·8	150·2	386·0	78·8	127·6	202·3	309·3	**122·8**
June	113·1	137·0	117·5	50·4	150·8	386·2	77·7	133·9	211·4	308·8	**124·3**
July	115·2	141·1	123·0	50·3	149·4	409·5	78·9	134·7	210·8	316·2	**126·8**
August	115·5	142·2	123·8	49·6	149·0	422·2	79·4	133·6	211·1	317·1	**127·4**
September	116·1	147·7	144·8	53·5	156·8	440·7	81·2	145·3	230·9	343·0	**136·3**
October	116·2	148·5	150·3	54·6	159·9	447·3	84·0	146·5	238·4	374·1	**140·0**
November	116·3	150·4	165·4	58·6	170·4	498·4	91·5	151·8	255·3	397·8	**149·2**
December	116·2	153·5	158·5	53·7	167·8	419·1	92·2	144·5	249·7	396·1	**143·7**
January	116·1	152·0	179·7	57·2	173·1	492·2	93·0	156·1	272·3	410·9	**152·7**
February	116·1	153·6	189·0	58·0	174·7	523·2	100·7	151·4	271·6	415·6	**158·3**
March	116·1	157·1	196·1	59·5	182·8	513·5	107·2	160·1	278·9	421·0	**162·8**
1943–44											
April	116·1	157·9	216·1	63·3	189·7	544·1	112·4	190·3	297·7	483·4	**174·5**
May	115·8	159·8	198·9	63·8	187·9	542·5	117·0	187·2	289·8	469·7	**170·7**
June	116·1	160·2	191·8	66·9	201·0	569·4	117·9	203·0	291·1	478·8	**174·8**
July	116·8	160·8	177·6	62·7	198·5	542·1	113·3	191·7	272·9	461·6	**168·8**
August	117·0	162·9	191·0	62·3	205·4	578·7	112·1	205·5	268·2	441·1	**170·9**
September	117·3	164·1	192·6	64·8	227·4	534·5	116·0	181·6	274·6	471·0	**176·3**
October	117·5	165·3	195·3	64·4	237·8	535·4	118·8	235·6	270·4	498·4	**183·1**
November	117·6	165·6	200·4	67·3	243·8	549·1	119·1	233·0	281·1	496·9	**188·9**
December	117·6	165·7	195·4	65·2	243·5	530·5	119·5	223·5	283·6	485·6	**186·8**
January	118·3	168·3	218·5	68·0	264·8	594·8	126·7	231·5	275·4	524·5	**200·1**
February	118·2	169·1	205·3	69·0	264·8	574·4	123·7	227·2	272·3	509·7	**196·2**
March	117·7	171·6	203·2	69·1	261·6	575·0	119·8	226·8	281·7	534·9	**195.3**
1944–45											
April	117·5	171·4	202·8	71·8	263·0	565·0	115·9	219·1	283·9	515·6	**190·7**
May	117·9	172·3	196·2	75·5	284·0	601·4	121·3	226·0	297·4	505·4	**197·2**
June	118·1	173·0	190·3	81·6	299·1	601·8	121·3	223·3	286·7	506·0	**198·9**
July	118·2	173·2	191·5	81·0	306·9	606·5	121·8	248·4	289·8	525·3	**203·6**
August	118·2	174·3	176·0	78·4	293·5	574·1	117·1	233·5	292·7	507·7	**194·3**
September	118·0	174·4	168·6	79·3	285·8	563·8	112·5	218·4	274·8	489·5	**187·7**
October	118·2	177·6	175·9	79·7	288·5	557·9	115·5	218·0	301·1	494·7	**191·2**
November	118·2	178·2	184·4	78·5	286·9	584·3	120·6	210·0	310·5	499·7	**196·1**
December	118·1	178·2	188·1	81·3	315·6	599·2	123·9	212·0	311·5	506·9	**202·8**
January	117·8	180·2	182·8	79·0	310·5	583·3	125·6	210·6	297·4	495·5	**200·8**
February	117·7	180·5	186·0	83·0	325·8	602·4	125·1	217·6	296·4	516·2	**204·6**
March	117·6	181·2	180·0	82·3	317·0	550·1	123·5	203·2	285·4	498·4	**199·9**

STATEMENT XXV

SCHEDULED BANKS' CONSOLIDATED POSITION IN INDIA AND BURMA SINCE 1935-36

(Reference paragraph 55)

(In lakhs of rupees)

Average of Friday Figures	No. of scheduled banks at the end of each period	Demand Liabilities	% of (b) to (f)	Time Liabilities	Savings Deposits **	Total Demand and Time Liabilities	Cash	Balances with Reserve Bank	Excess of (h) over the statutory minimum	Total cash and balances with Reserve Bank	% of (j) to (f)	Advances	Bills Discounted	Total Advances and Bills Discounted	% of (n) to (f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1935-36 ..	50	121,90	*55·3*	98,66	†	220,56	5,95	31,86	23,79	37,81	*17·14*	87,70	3,56	91,26	*41·38*
1936-37 ..	50	128,58	*55·9*	101,32	†	229,90	6,01	26,27	17,81	32,28	*14·04*	95,11	4,70	99,81	*43·41*
1937-38 ..	54	132,77	*54·9*	109,04	†	241,81	6,61	24,62	15,81	31,23	*12·92*	113,43	6,28	119,71	*49·51*
1938-39 ..	55	129,98	*54·7*	107,85	†	237,83	6,64	15,94	7,28	22,58	*9·50*	115,85	4,86	120,71	*50·75*
		(6,17)		(4,55)		(10,72)	(26)					(4,51)	(26)	(4,77)	
1939-40 ..	59	139,65	*56·8*	106,03	38,86	245,68	7,08	17,43	8,33	24,51	*9·98*	125,89	5,25	131,14	*53·38*
		(7,01)		(4,08)		(11,09)	(35)					(4,42)	(28)	(4,70)	
1940-41 ..	63	163,90	*61·0*	104,94	37,58	268,84	8,37	36,42	26,13	44,79	*16·66*	122,13	3,84	125,97	*46·86*
		(8,11)		(3,75)		(11,86)	(42)					(4,43)	(15)	(4,58)	
1941-42 ..	59	211,35	*66·3*	107,61	37,24	318,96	9,86	36,65	23,93	46,51	*14·58*	120,20	4,93	125,13	*39·23*
		(11,22)		(4,24)		(15,46)	(70)					(4,88)	(9)	(4,97)	
1942-43*..	61	306,28	*74·6*	104,21	48,30	410,49	12,97	55,73	38,33	68,70	*16·73*	95,68	2,18	97,86	*23·83*
1943-44*..	75	456,63	*76·2*	142,78	68,03	599,41	20,57	63,63	37,99	84,20	*14·05*	156,14	5,59	161,73	*26·98*
1944-45*..	84	584,80	*75·1*	194,12	90,58	778,92	27,31	89,25	56,90	116,56	*14·96*	224,22	11,16	235,38	*30·22*
Dec. 1942	61	339,72	*75·6*	109,94	44,10	449,66	13,94	53,33	34,15	67,27	*14·96*	91,18	2,79	93,97	*20·90*
Jan. 1943	61	344,71	*75·2*	113,69	45,31	458,40	15,17	48,73	29,22	63,90	*13·94*	100,23	2,89	103,12	*22·50*
Feb. ..	61	359,98	*75·3*	117,99	47,01	477,97	14,82	48,52	28,16	63,34	*13·25*	110,55	3,08	113,63	*23·77*
Mar. ..	61	372,32	*75·4*	121,28	48,30	493,60	15,14	51,37	30,33	66,51	*13,47*	125,70	3,53	129,23	*26·18*
Dec. ..	74	498,91	*75·6*	152,34	63,47	651,25	23,48	92,84	64,85	116,32	*17·86*	158,62	6,36	164,98	*25·33*
Jan. 1944	74	502,56	*75·6*	161,94	64,79	664,50	23,59	76,12	47,75	99,71	*15·01*	171,73	7,26	178,99	*26·94*
Feb. ..	76	511,83	*75·3*	168,08	66,46	679,91	23,67	59,23	30,28	82,90	*12·19*	187,20	8,03	195,23	*28·71*
March ..	75	521,25	*75·7*	167,36	68,03	688,61	24,01	56,12	26,71	80,13	*11·64*	203,85	9,51	213,36	*30·98*
April ..	76	527,63	*75·6*	170,42	69,42	698,05	25,39	63,26	33,47	88,65	*12·70*	220,71	10,16	230,87	*33·07*
May ..	76	546,37	*75·8*	174,03	70,88	720,40	25,80	100,79	69,99	126,59	*17·57*	218,23	9,27	227,50	*31·58*
June ..	76	559,73	*75·7*	179,92	72,83	739,65	27,43	96,47	64,89	123,90	*16·75*	214,32	9,08	223,40	*30·20*
July ..	77	570,78	*75·8*	182,69	75,57	753,47	27,39	95,78	63,59	123,17	*16·35*	214,25	9,47	223,72	*29·69*
August ..	78	580,09	*75·7*	186,47	77,39	766,56	25,47	97,98	65,25	123,45	*16·10*	208,31	9,53	217,84	*28·42*
Sept. ..	80	587,59	*75·5*	190,41	80,01	778,00	26,18	99,76	66,57	125,94	*16·19*	203,09	9,40	212,49	*27·31*
Oct. ..	81	594,58	*75·4*	194,33	81,43	788,91	26,78	102,59	68,97	129,37	*16·40*	198,63	9,55	208,18	*26·39*
Nov. ..	83	612,60	*75·4*	199,35	83,57	811,95	27,60	100,17	65,55	127,77	*15·74*	202,45	11,10	213,55	*26·30*
Dec. ..	84	611,25	*75·0*	203,77	85,50	815,02	28,83	81,64	47,00	110,47	*13·55*	222,05	12,67	234,72	*28·80*
Jan. 1945	84	605,11	*74·5*	207,25	87,15	812,36	28.92	67,11	32,71	96,03	*11·82*	248,45	14,37	262,82	*32·35*
Feb. ..	84	611,66	*73·9*	216,10	88,61	827,76	28,60	70,98	36,07	99,58	*12·03*	263,43	14,08	277,51	*33·53*
March ..	84	604,26	*73·3*	220,28	90,58	824,54	28,86	91,39	56,77	120,25	*14·58*	272,81	14,91	287,72	*34·89*

Note:—Burma figures shown in brackets. * *Figures for India only.* ** For the purposes of Section 42 of the Reserve Bank Act, the Savings Bank Deposits are classified into demand or time liabilities according to rules of the various scheduled banks in respect of withdrawal of these deposits.
† Figures not available.

STATEMENT XXVI

Scheduled Banks' Consolidated Position in India and Burma since 1935-36

Indices (1938-39 = 100) (In lakhs of rupees)

(Reference paragraph 55)

Average of Friday Figures	Demand Liabilities	Time Liabilities	Total Demand and Time Liabilities	Cash	Balances with Reserve Bank	Excess of (e) over the statutory minimum	Total Cash and Balances with Reserve Bank	% of (g) to (c)	Advances	Bills Discounted	Total Advances and Bills Discounted	% of (k) to (c)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1935–36	93·8	91·5	92·7	89·6	199·9	326·8	167·4	*180·4*	75·7	73·3	75·6	*81·5*
1936–37	98·9	93·9	96·7	90·5	164·8	244·6	142·9	*147·8*	82·1	96·7	82·7	*85·5*
1937–38	102·1	101·1	101·7	99·5	154·5	217·2	138·3	*136·0*	97·9	129·2	99·2	*97·6*
1938–39	100·0	100·0	100·0	100·0	100·0	100·0	100·0	*100·0*	100·0	100·0	100·0	*100·0*
1939–40	107·4	98·3	103·3	106·6	109·3	114·4	108·5	*105·1*	108·7	108·0	108·6	*105·2*
1940–41	126·1	97·3	113·0	126·1	228·5	358·9	198·4	*175·4*	105·4	79·0	104·4	*92·3*
1941–42	162·6	99·8	134·1	148·5	229·9	328·7	206·0	*153·5*	103·8	101·4	103·7	*77·3*
1942–43	235·6	96·6	172·6	195·3	349·6	526·5	304·3	*176·1*	82·6	44·9	81·1	*46·9*
1943–44	351·3	132·4	252·0	309·8	399·2	521·8	372·9	*147·9*	134·8	115·0	134·0	*53·2*
1944–45	449·9	180·0	327·5	411·3	559·9	781·6	516·2	*157·5*	193·5	229·6	195·0	*59·5*
December 1942	261·4	101·9	189·1	209·9	334·6	469·1	297·9	*157·5*	78·7	57·4	77·8	*41·2*
January 1943	265·2	105·4	192·7	228·5	305·7	401·4	283·0	*146·7*	86·5	59·5	85·4	*44·3*
February	277·0	109·4	201·0	223·2	304·4	386·8	280·5	*139·5*	95·4	63·4	94·1	*46·8*
March	286·4	112·5	207·5	228·0	322·3	416·6	294·6	*141·8*	108·5	72·6	107·1	*51·6*
December	383·8	141·3	273·8	353·6	582·4	890·8	515·1	*188·0*	136·9	130·9	136·7	*49·9*
January 1944	386·6	150·2	279·4	355·3	477·5	655·9	441·6	*158·0*	148·2	149·4	148·3	*53·1*
February	393·8	155·8	285·9	356·5	371·6	415·9	367·1	*128·3*	161·6	165·2	161·7	*56·6*
March	401·0	155·2	289·5	361·6	352·1	366·9	354·9	*122·5*	176·0	195·7	176·8	*61·0*
April	405·9	158·0	293·5	382·4	396·9	459·8	392·6	*133·7*	190·5	209·1	191·3	*65·2*
May	420·3	161·4	302·9	388·6	632·3	961·5	560·6	*184·9*	188·4	190·7	188·5	*62·2*
June	430·6	166·8	311·0	413·1	605·2	891·3	548·7	*176·3*	185·0	186·8	185·1	*59·5*
July	439·1	169·4	316·8	412·5	600·9	873·5	545·5	*172·1*	184·9	194·9	185·3	*58·5*
August	446·3	172·9	322·3	383·6	614·7	896·3	546·7	*169·5*	179·8	196·1	180·5	*56·0*
September	452·1	176·6	327·1	394·3	625·8	914·4	557·8	*170·4*	175·3	193·4	176·0	*53·8*
October	457·4	180·2	331·7	403·2	643·6	947·4	572·9	*172·6*	171·5	196·5	172·5	*52·0*
November	471·3	184·8	341·4	415·7	628·4	900·4	565·9	*165·7*	174·8	228·4	176·9	*51·8*
December	470·3	188·9	342·7	434·2	512·2	645·6	489·2	*142·6*	191·7	260·7	194·4	*56·7*
January 1945	465·5	192·2	341·6	435·5	421·0	449·3	425·3	*124·4*	214·5	295·7	217·7	*63·7*
February	470·6	200·4	348·0	430·7	445·3	495·5	441·0	*126·6*	227·4	289·7	229·9	*66·1*
March	464·9	204·2	346·7	434·6	573·3	779·8	532·6	*153·5*	235·5	306·8	238·4	*68·7*

STATEMENT XXVII

Clearing House Statistics (Annual) since 1918–19

(Reference paragraph 56)

(In lakhs of rupees)

	Calcutta	Bombay	Madras	Karachi	Rangoon	Cawnpore	Lahore	Delhi	Total	Other Centres†
1918–19	7,41,13	5,69,46	25,45	22,30	73,85	..	..	..	**14,32,19**	..
1919–20	10,55,76	8,83,02	33,95	23,13	94,74	..	..	..	**20,90,60**	..
1920–21	14,39,93	13,15,93	75,79	33,42	1,04,84	6,63	..	..	**29,76,54**	..
1921–22	9,05,01	9,06,73	39,54	36,73	1,22,02	9,01	5,86	..	**20,24,90**	..
1922–23	9,80,26	8,58,73	45,13	33,58	1,25,96	7,93	8,49	..	**20,60,08**	..
1923–24	8,53,05	7,07,98	55,41	41,52	1,32,82	6,38	5,85	..	**18,03,01**	..
1924–25	9,54,11	6,21,66	55,96	46,13	1,17,21	5,72	5,57	..	**18,06,36**	..
1925–26	10,12,19	4,45,05	56,80	36,14	1,25,33	6,16	6,86	..	**16,88,53**	..
1926–27	9,61,01	4,22,68	54,53	31,07	1,24,42	8,16	7,70	..	**16,09,57**	..
1927–28	10,54,02	3,89,80	59,79	30,82	1,25,57	7,00	7,59	..	**16,74,59**	..
1928–29	10,94,00	6,52,35	65,73	28,02	1,25,00	7,31	8,69	..	**19,81,10**	..
1929–30	9,60,97	7,93,66	82,19	26,49	1,20,70	7,56	8,17	..	**19,99,74**	..
1930–31	8,66,28	6,66,61	50,36	24,47	1,06,55	5,71	10,67	..	**17,30,65**	..
1931–32	7,31,09	6,23,82	43,97	23,23	78,90	5,63	9,02	..	**15,15,66**	..
1932–33	7,90,37	6,67,42	48,85	25,56	70,75	7,08	8,50	..	**16,18,53**	..
1933–34	8,30,88	6,55,47	53,19	26,78	56,12	8,88	9,88	..	**16,41,20**	..
1934–35	8,75,69	6,89,17	56,22	28,96	61,03	11,51	10,43	..	**17,33,01**	..
1935–36	9,18,68	7,16,74	69,23	30,12	72,00	11,69	11,16	13,73	**18,43,35**	..
1936–37	9,23,68	7,62,38	91,39	31,94	83,75	11,51	11,40	15,61	**19,31,66**	..
1937–38	9,66,93	8,15,56	1,09,64	35,53	82,07	11,91	11,21	18,27	**20,51,12**	..
1938–39	9,34,65	7,86,22	98,91	32,66	81,40	11,76	10,36	18,58	**19,74,54**	28,31
1939–40	11,54,03	8,83,97	99,94	37,53	97,55	14,22	11,14	20,35	**23,18,73**	31,73
1940–41	10,08,53	8,02,32	1,08,65	46,76	1,18,64	19,20	16,33	28,53	**21,48,96**	42,28
1941–42	12,33,61	10,48,60	1,36,41	58,80	1,09,15*	29,59	26,71	41,35	**26,84,22**	91,27
1942–43	10,74,66	13,45,23	1,31,40	77,51	..	56,21	48,76	81,94	**28,15,71**	1,63,38
1943–44	17,18,61	19,66,69	1,96,80	1,01,36	..	1,01,06	77,80	1,19,16	**42,81,48**	2,97,74
1944–45	23,51,59	22,36,97	2,27,37	1,24,54	..	1,12,95	95,94	1,29,94	**52,79,30**	3,35,37

* Figures from December 1941 not available. † Ahmedabad, Amritsar, Calicut, Coimbatore, Lucknow, Madura, Mangalore, Simla, Nagpur and Rawalpindi (from April 1941), Patna (from April 1943) and Allahabad (from October 1943).

STATEMENT XXVIII

NUMBER AND AMOUNT OF CHEQUES CLEARED (MONTHLY) AT EACH CENTRE, 1944-45

(Reference paragraph 56)

(Rupees in lakhs)

Centre	1944-45 April	May	June	July	August	September	October	November	December	January	February	March	Total
BOMBAY—													
Number ..	5,72,649	5,93,959	6,31,367	6,06,325	6,08,573	5,66,232	6,33,073	6,21,121	6,01,169	7,08,675	5,52,382	6,49,159	73,44,684
Amount ..	1,66,63	1,73,77	1,84,92	1,80,21	1,72,80	1,67,17	1,71,64	1,89,34	1,95,76	2,35,28	1,75,71	2,23,74	22,36,97
CALCUTTA—													
Number ..	4,32,513	4,93,056	5,07,288	5,36,034	6,22,472	5,00,264	5,45,929	6,09,308	6,16,951	6,63,493	5,43,322	6,28,706	66,99,336
Amount ..	1,52,43	1,66,14	1,85,70	2,12,48	2,24,28	1,88,00	1,93,08	1,94,96	2,08,54	2,20,66	1,80,03	2,25,29	23,51,59
CAWNPORE—													
Number ..	29,397	31,806	31,322	30,641	31,165	27,457	30,915	33,853	33,666	37,683	29,078	35,350	3,82,333
Amount ..	9,55	9,92	10,03	8,62	8,66	7,39	7,75	9,27	10,66	11,10	9,04	10,96	1,12,95
DELHI—													
Number ..	64,174	65,082	59,888	67,600	73,693	62,405	68,854	70,964	68,435	73,812	64,052	77,535	8,16,494
Amount ..	10,29	10,16	9,66	9,92	9,84	8,80	11,05	9,71	11,16	13,68	11,58	14,09	1,29,94
KARACHI—													
Number ..	43,939	49,489	47,787	46,881	45,369	47,997	46,491	51,050	50,774	53,680	46,869	51,151	5,81,477
Amount ..	8,71	11,00	10,26	8,78	8,83	10,25	8,86	10,82	11,88	12,36	10,72	12,07	1,24,54
LAHORE—													
Number ..	56,654	61,677	57,580	63,434	60,955	56,885	61,461	67,449	60,178	76,886	63,923	73,300	7,60,382
Amount ..	6,82	7,44	7,31	9,19	8,39	6,73	7,42	9,26	7,40	10,40	6,99	8,59	95,94
MADRAS—													
Number ..	1,07,438	1,19,233	1,17,183	1,23,265	1,23,823	1,20,572	1,27,711	1,24,541	1,20,965	1,42,712	1,23,585	1,38,513	14,89,541
Amount ..	15,88	18,17	18,30	17,30	18,89	19,32	17,74	18,06	20,49	22,34	18,97	21,91	2,27,37
Total—													
Number ..	**13,06,764**	**14,14,302**	**14,52,415**	**14,74,180**	**15,66,050**	**13,81,812**	**15,14,434**	**15,78,286**	**15,52,138**	**17,56,941**	**14,23,211**	**16,53,714**	**1,80,74,247**
Amount ..	**3,70,31**	**3,96,60**	**4,26,18**	**4,46,50**	**4,51,69**	**4,07,66**	**4,17,54**	**4,41,42**	**4,65,89**	**5,25,82**	**4,13,04**	**5,16,65**	**52,79,30**
OTHER CENTRES*—													
Number ..	1,50,337	1,53,961	1,48,814	1,51,740	1,46,703	1,57,173	1,59,371	1,70,048	1,63,238	1,61,113	1,38,272	1,70,748	18,71,518
Amount ..	31,31	29,51	31,89	25,61	26,06	28,58	24,86	27,28	27,93	28,04	22,92	31,38	3,35,37

* Ahmedabad, Allahabad, Amritsar, Calicut, Coimbatore, Lucknow, Madura, Mangalore, Nagpur, Patna, Simla and Rawalpindi.

STATEMENT XXIX

(A) Remittances through the Reserve Bank of India

Telegraphic Transfers issued and paid, 1944-45

(Reference paragraph 57)

(In lakhs of rupees)

Centre	1942–43				1943–44				1944–45			
	April to September		October to March		April to September		October to March		April to September		October to March	
	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid
Bombay ..	34,91	115,92	109,93	150,79	79,91	183,79	116,08	210,78	90,28	186,23	104,22	164,00
Calcutta ..	158,62	63,31	251,91	123,54	255,59	104,25	306,28	140,01	261,61	134,89	294,85	132,75
Cawnpore ..	5,31	13,81	3,36	27,72	9,86	21,88	10,55	23,79	17,73	20,94	11,69	30,86
Delhi ..	7,97	3,17	12,09	7,03	22,63	11,35	27,47	19,40	32,20	16,71	45,49	40,54
Karachi ..	8,65	12,72	15,68	18,95	18,76	18,10	18,31	22,22	21,51	22,89	19,03	25,24
Lahore ..	12,20	23,20	8,97	45,44	18,80	38,54	22,54	43,65	30,46	32,39	21,17	48,25
Madras ..	5,68	22,00	8,45	30,86	16,32	26,45	14,07	33,88	19,04	25,53	18,01	44,69
Total ..	**233,34**	**254,13**	**410,39**	**404,33**	**421,87**	**404,36**	**515,30**	**493,73**	**472,83**	**439,58**	**514,46**	**486,33**

(B) Remittances through the Imperial Bank of India, 1944-45*

(Reference paragraph 57)

(In lakhs of rupees)

From Offices in	To Offices in 1942-43				1943-44				1944-45			
	Bengal Circle	Bombay Circle	Madras Circle	Total	Bengal Circle	Bombay Circle	Madras Circle	Total	Bengal Circle	Bombay Circle	Madras Circle	Total
Bengal Circle	208,65	92,22	9,62	**310,49**	330,59	124,66	15,28	**470,53**	337,36	117,70	15,49	**470,55**
Bombay Circle	43,28	149,61	25,45	**218,34**	70,27	219,49	22,57	**312,33**	62,74	164,08	25,21	**252,03**
Madras Circle	9,84	27,43	91,99	**129,26**	25,23	43,15	126,23	**194,61**	25,43	44,11	136,16	**205,70**
Total ..	**261,77**	**269,26**	**127,06**	**658,09**	**426,09**	**387,30**	**164,08**	**977,47**	**425,53**	**325,89**	**176,86**	**928,28**

* Telegraphic Transfers paid, Mail Transfers received, Drafts paid and Demand Drafts purchased.

STATEMENT XXIX—(*continued*)

(C) Remittances effected between the Reserve Bank of India and the Imperial Bank of India and Treasury Agencies

(*Reference paragraph* 57)

(Rupees in lakhs)

	HALF-YEAR ENDED 30-9-43				HALF-YEAR ENDED 31-3-44				HALF-YEAR ENDED 30-9-44			
	Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
The General Public	20,388	67,03	3,38,498	78,49	19,101	64,74	3,15,933	72,06	17,638	51,95	3,15,608	70,70
Scheduled Banks :												
At par	7,246	277,60	3,379	23,36	7,548	248,38	2,494	17,39	9,000	296,01	2,513	18,43
At premium	4,589	27,02	14,998	12,45	5,493	37,08	14,402	14,72	4,860	31,45	14,936	13,67
Approved Non-Scheduled Banks & Indigenous Bankers (under para. 3C of the Remittance Facilities Scheme)	643	1,69	4,746	4,33	677	1,94	3,937	3,33	615	1,71	4,293	3,76
Co-operative Banks and Societies :												
At par	87	1,27	596	2,86	59	98	435	1,87	55	79	523	2,74
At premium	174	1,09	11,593	8,47	395	3,09	10,941	8,46	388	3,35	10,630	7,36
Local Funds at a premium (under para. 3E (*i*) (*f*) of the Remittance Facilities Scheme) ..	69	53	2,710	24	10	—	3,174	32	8	1	2,742	20
Other remittances at par ..	1,333	8,05	1,00,247	38,10	1,507	9,09	1,02,812	52,87	1,487	14,98	95,015	43,62
Government :												
Intra-Provincial at par ..	69	8	1,04,585	21,67	38	2,10	1,15,903	34,20	65	4,59	1,18,691	38,32
Extra-Provincial at premium	31	28	11,633	4,75	70	65	15,299	6,26	26	6	12,276	4,19
**Total .. .. ..

STATEMENT XXXI

RESERVE BANK OF INDIA : BANKING DEPARTMENT* SINCE 1935-36

(Reference paragraph 59)

(In lakhs of rupees)

Average of Friday Figures	Deposits				Other Liabilities	Total Liabilities or Assets	Notes and Coin	Balances held abroad	Loans & Advances to Governments	Other Loans & Advances	Bills purchased & discounted	Investments	Other Assets
	Central Govt.	Other Govts.	Banks	Others	**Total**								
1935-36	11,26	..	27,26	9	**38,61**	91	**49,52**	27,68	14,99	86	1	..	5,47	51
1936-37	9,83	..	26,56	41	**36,80**	1,13	**47,93**	25,90	13,61	1,54	1	1	6,04	82
1937-38	11,37	..	24,96	69	**37,02**	87	**47,89**	25,70	13,48	79	2	6	7,12	72
1938-39	14,90	..	16,19	75	**31,84**	1,28	**43,12**	28,38	4,21	1,72	2	1,53	6,36	90
1939-40	6,84	7,00	17,82	1,05	**32,71**	1,54	**44,25**	18,88	12,34	1,05	11	2,87	7,25	1,75
1940-41	10,03	7,37	36,84	1,91	**56,15**	2,56	**68,71**	17,39	39,32	2,01	7	97	7,78	1,17
1941-42	9,65	7,95	37,73	3,89	**59,22**	4,33	**73,55**	12,35	46,08	4,09	4	27	8,96	1,76
1942-43	12,99	8,10	57,36	3,30	**81,75**	7,91	**99,66**	11,92	75,11	1,49	4	68	7,12	3,30
1943-44	29,31	13,16	64,69	6,65	**113,81**	10,82	**134,63**	10,67	111,72	49	15	91	7,61	3,08
1944-45	162,67	16,83	90,57	13,25	**283,32**	14,06	**307,38**	11,19	277,28	43	11	1,46	13,13	3,78
1943-44														
April	15,16	15,85	45,60	3,95	**80,56**	10,49	**101,05**	10,64	80,16	1,06	3	62	5,54	3,00
May	12,93	11,91	50,99	3,90	**79,73**	11,70	**101,43**	11,21	78,45	22	25	61	7,48	3,21
June	13,37	10,44	55,50	3,07	**82,38**	12,57	**104,95**	11,47	80,68	7	78	65	7,49	3,81
July	17,64	9,56	60,31	2,95	**90,46**	10,42	**110,88**	10,84	89,43	30	20	10	7,83	2,18
August	24,96	9,20	58,73	3,66	**96,55**	7,24	**113,79**	10,93	90,86	68	5	92	7,65	2,70
September	14,78	12,06	72,60	8,87	**108,31**	7,42	**125,73**	12,53	101,83	48	2	39	7,70	2,78
October	34,77	12,35	69,35	9,03	**125,50**	7,28	**142,78**	11,86	118,63	26	..	1,16	7,91	2,96
November	55,70	11,96	75,15	8,27	**151,08**	9,67	**170,75**	9,98	150,08	11	..	..	7,43	3,15
December	23,39	10,03	93,89	7,33	**134,64**	9,49	**154,13**	9,10	133,26	81	7	3	7,65	3,21
January	32,14	13,92	76,44	6,77	**129,27**	14,81	**154,08**	9,17	130,34	71	8	2,61	7,89	3,28
February	45,99	10,74	59,55	11,61	**127,89**	13,58	**151,47**	10,16	124,91	81	..	3,99	8,29	3,31
March	59,83	27,52	57,35	10,30	**155,00**	15,45	**180,45**	10,27	157,06	31	30	38	8,57	3,56
1944-45														
April	63,40	24,51	64,73	17,21	**169,85**	16,10	**195,95**	11,19	169,05	69	73	85	9,63	3,81
May	60,27	13,96	101,60	7,50	**183,33**	16,45	**209,78**	11,55	181,88	7	10	1,38	10,74	4,06
June	61,50	15,50	98,22	4,45	**179,67**	16,45	**206,12**	11,02	177,26	57	17	2,33	10,91	3,86
July	78,91	17,59	96,56	4,47	**197,53**	13,24	**220,77**	16,07	189,83	21	7	65	11,12	2,82
August	126,31	14,89	99,32	10,34	**250,86**	7,30	**268,16**	15,65	237,04	1	..	52	11,32	3,62
September	160,01	16,54	100,80	13,90	**291,25**	8,43	**309,68**	11,44	282,55	51	..	26	11,55	3,37
October	184,88	12,00	104,03	10,03	**310,94**	9,78	**330,72**	11,41	303,04	1,12	1	6	11,57	3,51
November	212,17	8,86	101,46	9,33	**331,82**	12,01	**353,83**	8,19	329,55	72	..	1	11,77	3,59
December	237,04	12,85	83,37	16,97	**350,23**	13,59	**373,82**	9,58	344,91	49	5	60	14,40	3,79
January	254,91	16,21	68,03	21,54	**360,69**	16,03	**386,72**	9,73	355,61	10	10	2,13	15,02	4,03
February	257,39	20,16	73,79	20,83	**372,17**	18,49	**400,66**	8,48	360,81	4	9	5,55	21,44	4,25
March	242,62	27,61	91,89	21,52	**383,64**	20,19	**413,83**	10,52	377,54	54	1	3,13	17,58	4,51

* Capital and Reserves, rupees ten crores.

STATEMENT XXXII

Reserve Bank of India: Banking Department*

Weekly Statement of Assets and Liabilities, 1944-45

(*Reference paragraph* 59)

(In lakhs of rupees)

1944-45 Friday		Deposits					Other Liabilities	**Total Liabilities or Assets**	Notes and Coin	Balances held abroad	Loans and Advances to Govts.	Other Loans & Advances	Bills purchased & discounted	Investments	Other Assets
		Central Government	Other Govts.	Banks	Others	**Total**									
Apr.	7	.. 61,32	27,18	51,26	20,30	**160,06**	15,02	**185,08**	10,31	160,73	19	93	35	8,79	3,78
,,	14	.. 58,29	24,77	56,43	23,41	**162,90**	17,33	**190,23**	11,26	163,78	62	85	1,00	8,92	3,80
,,	21	.. 70,87	22,21	69,38	10,17	**172,63**	17,56	**200,19**	11,34	171,25	1,61	86	1,00	10,37	3,76
,,	28	.. 63,13	23,89	81,82	14,96	**183,80**	14,49	**208,29**	11,86	180,45	32	26	1,05	10,45	3,90
May	5	.. 61,02	17,20	91,31	9,35	**178,88**	15,09	**203,97**	11,72	176,03	5	8	1,49	10,65	3,95
,,	12	.. 61,38	11,57	94,34	9,51	**176,80**	17,94	**204,74**	11,40	177,08	10	8	1,41	10,65	4,02
,,	19	.. 58,95	12,00	110,48	5,62	**187,05**	16,94	**213,99**	11,81	185,64	5	15	1,41	10,82	4,11
,,	26	.. 59,71	15,08	110,27	5,52	**190,58**	15,85	**216,43**	11,26	188,77	10	11	1,21	10,84	4,14
June	2	.. 59,05	15,10	103,20	5,42	**182,77**	18,57	**211,34**	9,40	184,83	36	22	1,21	10,81	4,51
,,	9	.. 56,79	13,58	99,69	4,85	**174,91**	18,17	**203,08**	10,47	173,75	55	20	2,75	10,81	4,55
,,	16	.. 63,72	15,89	92,62	4,79	**177,02**	17,80	**204,82**	9,40	176,64	53	17	2,70	10,81	4,57
,,	23	.. 62,71	15,35	101,25	3,72	**183,03**	16,65	**209,68**	13,51	177,33	70	15	2,40	11,02	4,57
,,	30	.. 65,25	17,58	94,35	3,45	**180,63**	11,06	**201,69**	12,31	173,74	72	10	2,59	11,11	1,12
July	7	.. 57,84	17,57	98,43	3,49	**177,33**	13,35	**200,68**	11,52	174,46	63	9	47	11,11	2,40
,,	14	.. 72,27	15,04	92,13	4,00	**183,44**	15,09	**208,53**	11,29	182,97	18	9	47	11,13	2,40
,,	21	.. 83,43	16,72	98,48	4,79	**203,42**	15,07	**228,49**	18,15	196,36	—	9	47	11,13	2,29
,,	28	.. 102,08	21,04	97,21	5,60	**225,93**	9,46	**245,39**	23,31	205,54	1	2	1,17	11,13	4,21
Aug.	4	.. 114,13	16,67	97,62	12,82	**241,24**	6,99	**258,23**	17,18	224,88	—	—	97	11,13	4,07
,,	11	.. 113,45	13,14	104,22	10,66	**241,47**	8,09	**259,56**	10,77	232,58	—	—	97	11,12	4,12
,,	18	.. 138,49	12,85	93,05	9,90	**254,29**	8,12	**272,41**	15,76	241,91	6	—	7	11,51	3,10
,,	25	.. 139,17	16,93	102,39	7,97	**266,46**	5,99	**282,45**	18,88	248,79	—	—	7	11,51	3,20

Sept.	1	..	139,00	18,27	100,76	15,65	**273,68**	7,09	**290,77**	17,24	258,67	—	—	7	11,52	3,27
,,	8	..	144,56	18,92	105,60	13,69	**282,77**	8,13	**300,90**	10,54	275,47	—	—	7	11,52	3,30
,,	15	..	160,20	15,73	100,42	13,31	**289,66**	9,91	**309,57**	9,45	283,66	1,17	—	37	11,57	3,35
,,	22	..	168,70	14,23	101,25	13,22	**297,40**	8,88	**316,28**	10,13	290,10	70	—	37	11,57	3,41
,,	29	..	187,60	15,54	95,98	13,62	**312,74**	8,12	**330,86**	9,85	304,85	68	—	39	11,57	3,52
Oct.	6	..	173,88	13,11	106,46	10,28	**303,73**	10,75	**324,48**	10,68	298,19	41	—	8	11,57	3,55
,,	13	..	183,91	10,11	101,13	9,87	**305,02**	9,30	**324,32**	9,17	298,74	1,24	3	8	11,57	3,49
,,	20	..	185,24	11,47	103,47	9,66	**309,83**	8,75	**328,58**	9,83	302,35	1,26	—	8	11,57	3,49
,,	27	..	196,49	13,30	105,08	10,30	**325,17**	10,33	**345,50**	15,94	312,90	1,58	—	—	11,57	3,51
Nov.	3	..	193,13	11,35	113,10	6,99	**324,57**	13,49	**348,06**	7,35	324,53	87	—	—	11,72	3,59
,,	10	..	207,37	6,06	104,19	7,67	**325,29**	12,26	**347,55**	9,00	322,33	94	—	—	11,72	3,56
,,	17	..	219,79	7,10	97,26	10,13	**334,28**	11,81	**356,09**	8,03	332,12	62	—	2	11,72	3,58
,,	24	..	228,40	10,91	91,29	12,55	**343,15**	10,46	**363,61**	8,36	339,23	45	—	2	11,92	3,63
Dec.	1	..	231,61	12,68	89,39	12,28	**345,96**	13,03	**368,99**	8,45	342,25	99	—	2	13,55	3,73
,,	8	..	225,13	13,03	92,24	14,30	**344,70**	12,68	**367,38**	9,70	340,03	44	—	2	13,52	3,67
,,	15	..	238,57	11,69	82,98	17,89	**351,13**	13,48	**374,61**	9,20	347,11	62	—	2	13,93	3,73
,,	22	..	248,37	13,75	76,33	19,55	**358,00**	13,31	**381,31**	8,59	352,84	8	1	1,00	14,91	3,88
,,	29	..	241,54	13,07	75,91	20,82	**351,34**	15,46	**376,80**	11,96	342,34	31	25	1,95	16,08	3,91
Jan.	5	..	231,21	17,05	67,71	21,03	**337,00**	16,11	**363,11**	9,69	332,68	5	—	1,95	14,80	3,94
,,	12	..	256,37	10,81	68,72	21,44	**357,34**	14,35	**381,69**	9,70	352,10	10	—	1,96	13,82	4,01
,,	19	..	259,70	15,13	68,42	21,98	**365,23**	17,49	**392,72**	9,06	363,04	25	4	2,30	13,95	4,08
,,	26	..	272,35	21,85	67,27	21,69	**383,16**	16,18	**409,34**	10,47	374,61	..	36	2,30	17,50	4,10
Feb.	2	..	256,89	21,93	71,54	19,49	**369,85**	18,09	**397,94**	8,30	358,27	3	28	6,60	20,31	4,15
,,	9	..	254,32	16,43	72,04	20,57	**363,36**	19,20	**392,56**	8,72	352,51	10	4	5,51	21,49	4,19
,,	16	..	258,66	18,94	76,32	21,68	**375,60**	18,49	**404,09**	8,92	363,50	5	2	5,42	21,88	4,30
,,	23	..	259,70	23,32	75,28	21,58	**379,88**	18,18	**408,06**	7,98	368,96	—	—	4,67	22,10	4,35
Mar.	2	..	245,80	16,81	91,21	19,74	**373,56**	22,03	**405,59**	10,48	366,67	—	—	3,02	21,02	4,40
,,	9	..	224,27	27,35	98,06	20,82	**370,50**	18,20	**398,70**	9,76	364,11	—	4	3,02	17,34	4,43
,,	16	..	243,55	28,57	95,58	21,66	**389,36**	19,02	**418,38**	12,25	383,50	59	2	3,01	14,54	4,47
,,	23	..	245,64	35,27	89,15	21,94	**392,00**	22,08	**424,08**	10,02	388,36	97	2	3,30	16,82	4,59
,,	30	..	253,81	30,05	85,46	23,46	**392,78**	19,64	**422,42**	10,08	385,06	1,15	—	3,29	18,19	4,65

* Capital and Reserves, rupees ten crores.

STATEMENT XXXIII

Reserve Bank of India: Issue Department

Weekly Statement of Assets and Liabilities, 1944-45

(Reference paragraph 60)

(In lakhs of rupees)

1944-45 Friday		Notes in Circulation	Notes held in the Banking Department	Total Liabilities (Total Notes Issued)	Gold Coin & Bullion	Sterling Securities	Rupee Coin	Rupee Securities	*Percentage of Gold and Sterling Securities to Total Notes Issued*
April	7	893,64	10,09	**903,73**	44,42	784,83	16,15	58,33	*91·76*
„	14	897,01	11,01	**908,02**	44,42	789,83	15,44	58,33	*91·88*
„	21	897,12	11,07	**908,19**	44,42	789,83	15,61	58,33	*91·86*
„	28	896,80	11,56	**908,36**	44,42	789,83	15,78	58,33	*91·84*
May	5	905,86	11,50	**917,36**	44,42	799,83	14,78	58,33	*92·03*
„	12	910,10	11,13	**921,23**	44,42	804,83	13,65	58,33	*92·19*
„	9	909,64	11,53	**921,17**	44,42	804,83	13,59	58,33	*92·19*
„	26	910,31	10,97	**921,28**	44,42	804,83	13,70	58,33	*92·18*
June	2	917,01	9,18	**926,19**	44,42	809,83	13,61	58,33	*92·23*
„	9	927,71	10,24	**937,95**	44,42	822,83	12,37	58,33	*92·46*
„	16	928,70	9,14	**937,84**	44,42	822,83	12,26	58,33	*92·47*
„	23	925,18	13,22	**938,40**	44,42	822,83	12,82	58,33	*92·42*
„	30	931,38	12,02	**943,40**	44,42	828,32	12,82	57,84	*92·51*
July	7	931,93	11,29	**943,22**	44,42	828,32	12,64	57,84	*92·53*
„	14	932,22	11,03	**943,25**	44,42	828,32	12,67	57,84	*92·52*
„	21	926,16	17,85	**944,01**	44,42	828,32	13,43	57,84	*92·45*
„	28	921,97	23,02	**944,99**	44,42	828,32	14,41	57,84	*92·35*

August	4	..	..	927,87	16,95	944,82	44,42	828,32	14,24	57,84	*92·37*
„	11	..	..	933,66	10,53	944,19	44,42	828,32	13,61	57,84	*92·43*
„	18	..	..	929,35	15,47	944,82	44,42	828,32	14,24	57,84	*92·37*
„	25	..	..	927,01	18,57	945,58	44,42	828,32	15,00	57,84	*92·30*
September	1	..	..	928,28	16,98	945,26	44,42	828,32	14,68	57,84	*92·33*
„	8	..	..	937,08	10,30	947,38	44,42	831,33	13,79	57,84	*92·44*
„	15	..	..	938,22	9,17	947,39	44,42	831,33	13,80	57,84	*92·44*
„	22	..	..	940,57	9,87	950,44	44,42	834,33	13,85	57,84	*92·46*
„	29	..	..	941,25	9,58	950,83	44,42	834,33	14,24	57,84	*92·42*
October	6	..	..	949,97	10,45	960,42	44,42	844,33	13,83	57,84	*92·54*
„	13	..	..	957,05	8,92	965,97	44,42	850,33	13,38	57,84	*92·63*
„	20	..	..	962,20	9,54	971,74	44,42	856,33	13,15	57,84	*92·69*
„	27	..	..	956,54	15,64	972,18	44,42	856,33	13,59	57,84	*92·65*
November	3	..	..	964,90	7,13	972,03	44,42	856,33	13,44	57,84	*92·67*
„	10	..	..	972,23	8,77	981,00	44,42	866,33	12,41	57,84	*92·84*
„	17	..	..	973,18	7,78	980,96	44,42	866,32	12,38	57,84	*92·84*
„	24	..	..	973,09	8,07	981,16	44,42	866,32	12,58	57,84	*92·82*
December	1	..	..	977,66	8,22	985,88	44,42	871,32	12,30	57,84	*92·89*
„	8	..	..	989,82	9,45	999,27	44,42	886,32	10,69	57,84	*93·14*
„	15	..	..	994,70	8,91	1,003,61	44,42	886,32	15,03	57,84	*92·74*
„	22	..	..	999,91	8,30	1,008,21	44,42	891,32	14,63	57,84	*92·81*
„	29	..	..	1,009,60	11,66	1,021,26	44,42	904,32	14,68	57,84	*92·90*
January	5	..	..	1,021,01	9,45	1,030,46	44,42	914,32	13,88	57,84	*93·04*
„	12	..	..	1,030,13	9,46	1,039,59	44,42	924,32	13,01	57,84	*93·19*
„	19	..	..	1,032,35	8,80	1,041,15	44,42	926,32	12,57	57,84	*93·24*
„	26	..	..	1,034,01	10,20	1,044,21	44,42	929,32	12,63	57,84	*93·25*
February	2	..	..	1,042,95	8,08	1,051,03	44,42	936,32	12,45	57,84	*93·31*
„	9	..	..	1,054,20	8,48	1,062,68	44,42	949,32	11,10	57,84	*93·51*
„	16	..	..	1,058,54	8,68	1,067,22	44,42	954,32	10,64	57,84	*93·58*
„	23	..	..	1,059,34	7,71	1,067,05	44,42	954,32	10,47	57,84	*93·60*
March	2	..	..	1,068,52	10,26	1,078,78	44,42	961,32	15,20	57,84	*93·23*
„	9	..	..	1,078,07	9,50	1,087,57	44,42	971,32	13,99	57,84	*93·40*
„	16	..	..	1,079,21	11,98	1,091,19	44,42	975,32	13,61	57,84	*93·45*
„	23	..	..	1,081,67	9,73	1,091,40	44,42	975,32	13,82	57,84	*93·44*
„	30	..	..	1,084,88	9,78	1,094,66	44,42	978,32	14,08	57,84	*93.43*

STATEMENT XXXIV

RESERVE BANK OF INDIA: ISSUE DEPARTMENT SINCE 1935-36

(Reference paragraph 60)

(In lakhs of rupees)

	LIABILITIES			ASSETS					
Average of Friday figures	Notes in Circulation	Notes held in the Banking Department	Total Liabilities (TOTAL NOTES ISSUED)	Gold Coin and Bullion	Sterling Securities	Rupee Coin*	Rupee Securities	Total Assets	*Percentage of Gold and Sterling Securities to Total Notes Issued*
1935-36	164,06	27,58	**191,64**	44,42	62,09	55,51	29,62	**191,64**	*55.58*
1936-37	175,81	25,81	**201,62**	44,42	69,57	64,01	23,62	**201,62**	*56.54*
1937-38	186,15	25,61	**211,76**	44,42	79,92	60,23	27,19	**211,76**	*58.72*
1938-39	182,36 (7,97)	28,28 (1)	**210,64 (7,98)**	44,42	66,95	67,11	32,16	**210,64**	*52.91*
1939-40	209,22 (11,09)	18,79 (8)	**228,01 (11,17)**	44,42	78,63	67,52	37,44	**228,01**	*53.97*
1940-41	241,41 (13,38)	17,26 (20)	**258,67 (13,58)**	44,42	129,92	35,87	48,46	**258,67**	*67.39*
1941-42	307,68 (20,20)	12,21 (23)	**319,89 (20,43)**	44,42	165,00	35,28	75,19	**319,89**	*65.47*
1942-43	513,44	11,80	**525,24**	44,42	319,11	22,33	139,38	**525,24**	*69.21*
1943-44	777,17	10,50	**787,67**	44,42	643,52	14,28	85,45	**787,67**	*87.34*
1944-45	968,69	10,93	**979,62**	44,42	863,73	13,52	57,95	**979,62**	*92.70*
1943-44									
April	667,00	10,50	**677,50**	44,42	480,79	14,90	137,39	**677,50**	*77.52*
May	697,65	11,06	**708,71**	44,42	525,23	14,61	124,45	**708,71**	*80.38*
June	720,25	11,33	**731,58**	44,42	550,98	15,72	120,46	**731,58**	*81.39*
July	737,59	10,70	**748,29**	44,42	573,98	14,87	115,02	**748,29**	*82.64*
August	753,53	10,78	**764,31**	44,42	611,09	14,18	94,62	**764,31**	*85.76*
September	759,75	12,40	**772,15**	44,42	634,80	14,56	78,37	**772,15**	*87.96*
October	774,47	11,72	**786,19**	44,42	665,59	13,81	62,37	**786,19**	*90.31*
November	793,58	9,83	**803,41**	44,42	686,08	14,58	58,33	**803,41**	*90.92*
December	821,99	8,96	**830,95**	44,42	713,83	14,37	58,33	**830,95**	*91.25*
January	851,65	8,95	**860,60**	44,42	743,33	14,52	58,33	**860,60**	*91.54*
February	867,58	9,90	**877,48**	44,42	761,08	13,65	58,33	**877,48**	*91.80*
March	881,77	10,01	**891,78**	44,42	777,03	12,00	58,33	**891,78**	*92.11*
1944-45									
April	896,14	10,93	**907,07**	44,42	788,58	15,74	58,33	**907,07**	*91.83*
May	908,98	11,28	**920,26**	44,42	803,58	13,93	58,33	**920,26**	*92.15*
June	926,00	10,76	**936,76**	44,42	821,33	12,78	58,23	**936,76**	*92.42*
July	928,07	15,80	**943,87**	44,42	828,32	13,29	57,84	**943,87**	*92.46*
August	929,47	15,38	**944,85**	44,42	828,32	14,27	57,84	**944,85**	*92.37*
September	937,08	11,18	**948,26**	44,42	831,93	14,07	57,84	**948,26**	*92.42*
October	956,44	11,14	**967,58**	44,42	851,83	13,49	57,84	**967,58**	*92.63*
November	970,85	7,94	**978,79**	44,42	863,83	12,70	57,84	**978,79**	*92.79*
December	994,34	9,31	**1,003,65**	44,42	887,92	13,47	57,84	**1,003,65**	*92.89*
January	1,029,37	9,48	**1,038,85**	44,42	923,57	13,02	57,84	**1,038,85**	*93.18*
February	1,053,76	8,24	**1,062,00**	44,42	948,57	11,17	57,84	**1,062,00**	*93.50*
March	1,078,47	10,25	**1,088,72**	44,42	972,32	14,14	57,84	**1,088,72**	*93.39*

Note:—Burma figures shown within brackets below totals. Figures for India only from June 1942. * Including Government of India one rupee notes from July 1940.

STATEMENT XXXV

Monthly Statistics of Note Circulation in India and Burma since 1939-40

(Reference paragraph 60)

(In lakhs of rupees)

Last Friday of	1939-40			1940-41			1941-42		
	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation
April	207,22	18,50	188,72	252,66	13,04	239,62	280,60	13,48	267,12
May	207,44	19,64	187,80	257,03	8,50	248,53	285,76	12,79	272,97
June	210,78	26,15	184,63	255,96	9,02	246,94	291,10	14,17	276,93
July	214,30	35,88	178,42	263,79	25,87	237,92	292,18	19,17	273,01
August	216,78	37,89	178,89	260,17	28,68	231,49	293,03	16,44	276,59
September	221,43	18,52	202,91	258,15	28,97	229,18	296,76	10,64	286,12
October	228,80	18,50	210,30	257,16	28,49	228,67	307,39	13,94	293,45
November	233,75	13,64	220,11	256,33	27,18	229,15	319,14	11,72	307,42
December	254,48	18,56	235,92	255,19	13,94	241,25	347,72	12,12	335,60
January	251,12	13,28	237,84	260,54	15,49	245,05	366,18	9,77	356,41
February	254,56	15,01	239,55	266,96	17,49	249,47	389,02	9,34	379,68
March	252,21	13,66	238,55	269,25	11,59	257,66	421,06	10,99	410,07
	1942-43*			**1943-44***			**1944-45***		
April	425,16	11,30	413,86	689,79	12,18	677,61	908,36	11,56	896,80
May	444,40	12,56	431,84	715,23	11,12	704,11	921,28	10,97	910,31
June	456,11	12,92	443,19	734,75	11,40	723,35	943,40	12,02	931,38
July	463,30	12,30	451,00	750,78	10,40	740,38	944,99	23,02	921,97
August	487,34	13,09	474,25	766,31	11,67	754,64	945,58	18,57	927,01
September	503,35	10,77	492,58	774,46	14,78	759,68	950,83	9,58	941,25
October	524,48	9,78	514,70	791,05	8,96	782,09	972,18	15,64	956,54
November	551,94	11,58	540,36	804,68	10,31	794,37	981,16	8,07	973,09
December	585,80	15,44	570,36	850,40	9,60	840,80	1021,26	11,66	1009,60
January	604,19	10,94	593,25	862,89	9,21	853,68	1044,21	10,20	1034,01
February	626,23	11,87	614,36	880,04	12,54	867,50	1067,05	7,71	1059,34
March	655,11	11,53	643,58	894,84	12,35	882,49	1094,66	9,78	1084,88

* Excluding Burma notes.

STATEMENT XXXVI

CIRCULATION AND ABSORPTION OF NOTES (ANNUAL) IN INDIA AND BURMA SINCE 1909-10

(Reference paragraph 62)

(In lakhs of rupees)

	Year-end				Annual Average *			
	Total Notes Issued	Notes in Circulation	Absorption (+) or Return (—)	% of *Absorption or Return*	Total Notes Issued	Notes in Circulation	Increase or decrease in average circulation	% of *increase or decrease in average circulation*
Average for 5 years 1909-10 to 1913-14	**61,17**	**44,41**	..	..	**58,51**	**41,97**	..	..
1914-15	61,63	43,96	— 6,01	— *12*	64,04	45,43	— 1,20	— *3*
1915-16	67,73	53,19	+ 9,23	+ *21*	64,10	48,08	+ 2,65	+ *6*
1916-17	86,37	67,08	+ 13,89	+ *26*	76,14	59,36	+ 11,28	+ *23*
1917-18	99,79	84,30	+ 17,22	+ *26*	101,77	71,87	+ 12,51	+ *21*
1918-19	153,46	133,58	+ 49,28	+ *58*	133,20	113,84	+ 41,97	+ *58*
1919-20	174,52	153,78	+ 20,20	+ *15*	171,68	151,10	+ 37,26	+ *33*
1920-21	166,16	147,88	— 5,90	— *4*	163,51	138,88	— 12,22	— *8*
1921-22	174,76	157,23	+ 9,35	+ *6*	173,80	152,22	+ 13,34	+ *10*
1922-23	174,70	161,10	+ 3,87	+ *2*	176,33	153,27	+ 1,05	+ *1*
1923-24	185,85	169,06	+ 7,96	+ *5*	179,01	156,93	+ 3,66	+ *2*
1924-25	184,19	166,55	— 2,51	— *1*	179,27	160,91	+ 3,98	+ *3*
1925-26	193,34	167,71	+ 1,16	+ *1*	186,88	163,16	+ 2,25	+ *1*
1926-27	184,13	164,31	— 3,40	— *2*	189,13	156,36	— 6,80	— *4*
1927-28	184,87	174,53	+ 10,22	+ *6*	180,16	162,62	+ 6,26	+ *4*
1928-29	188,03	178,10	+ 3,57	+ *2*	184,86	171,90	+ 9,28	+ *6*
1929-30	177,23	159,30	— 18,80	— *11*	183,11	163,00	— 8,90	— *5*
1930-31	160,84	147,93	— 11,37	— *7*	165,49	151,13	— 11,87	— *7*
1931-32	178,14	165,17	+ 17,24	+ *12*	163,64	152,62	+ 1,49	+ *1*
1932-33	176,90	150,34	— 14,83	— *9*	173,83	152,04	— 58	..
1933-34	177,22	163,88	+ 13,54	+ *9*	178,13	157,47	+ 5,43	+ *4*
1934-35	186,10	163,56	— 32	..	183,24	161,60	+ 4,13	+ *3*
1935-36	195,58	168,82	+ 5,26	+ *3*	191,64	164,06	+ 2,46	+ *2*
1936-37	208,00	194,35	+ 25,53	+ *15*	201,62	175,81	+ 11,75	+ *7*
1937-38 I ..	206,20	178,29	— 8,23	— *4*	207,79	182,19	+ 10,34	+ *6*
1937-38 B ..	7,83	7,83			3,97	3,96		
1938-39 I ..	196,47	178,36	+ 7	..	202,66	174,39	— 7,80	— *4*
1938-39 B ..	10,76	10,74	+ 2,91	+ *37*	7,98	7,97	+ 4,01	+ *101*
1939-40 I ..	238,43	225,10	+ 46,74	+ *26*	216,84	198,13	+ 23,74	+ *14*
1939-40 B ..	13,78	13,45	+ 2,71	+ *25*	11,17	11,09	+ 3,12	+ *39*
1940-41 I ..	251,81	240,55	+ 15,45	+ *7*	245,09	228,03	+ 29,90	+ *15*
1940-41 B ..	17,44	17,11	+ 3,66	+ *27*	13,58	13,38	+ 2,29	+ *21*
1941-42 I ..	392,71	381,73	+ 141,18	+ *59*	299,46	287,48	+ 59,45	+ *26*
1941-42 B ..	28,35	28,33	+ 11,22	+ *66*	20,43	20,20	+ 6,82	+ *51*
1942-43 I	655,11	643,58	+ 261,85	+ *69*	525,24	513,44	+ 225,96	+ *79*
1943-44 I	894,84	882,49	+ 238,91	+ *37*	787,67	777,17	+ 263,73	+ *51*
1944-45 I	1,094,66	1,084,88	+ 202,39	+ *23*	979,62	968,69	+ 191,52	+ *25*

Note.—Since the Bank assumed the management of the currency, the variations in the figures of notes in circulation as given in the weekly returns of the Issue Department of the Bank are taken to indicate absorption or return. Notes in circulation now include the amounts held in Government Treasuries as well as by the public, but exclude the holdings of the Banking Department of the Reserve Bank.

* Average of weekly figures. I—India notes. B—Burma notes.

STATEMENT XXXVII

ABSORPTION OF SMALL COIN (ANNUAL) SINCE 1909-10

(Reference paragraph 64)

(In thousands of rupees)

	Silver half rupees†	Four anna pieces	Two anna pieces	One anna pieces	Half anna pieces*	Single pice	Half pice	Pie pieces	Total
Average for five years 1909-10 to 1913-14	..	**15,75**	**13,59**	**21,02**	..	**10,51**	**83**	**83**	**62,53**
Average for five years 1914-15 to 1918-19	..	**37,24**	**29,54**	**27,86**	..	**5,63**	**66**	**1,18**	**1,02,11**
1919–20	..	88,15	60,33	44,05	..	21,18	90	1,21	**2,15,82**
1920–21	..	— 9,31	— 23,24	— 12,82	..	— 2,22	42	1,15	— **46,02**
1921–22	..	— 7,09	— 2,40	3,28	..	52	53	1,11	— **4,05**
1922–23	..	3,67	1,70	12,99	..	2,89	57	76	**22,58**
1923–24	..	6,20	3,99	19,88	..	2,42	54	75	**33,78**
1924–25	..	15,87	4,90	21,86	..	5,31	65	72	**49,31**
1925–26	..	3,34	5,49	11,22	..	2,23	45	72	**23,45**
1926–27	..	51	— 6,10	11,62	..	4,05	45	86	**11,39**
1927–28	..	7,03	4,62	22,02	..	5,05	54	85	**40,11**
1928–29	..	8,89	6,57	22,12	..	5,04	57	74	**43,93**
1929–30	..	— 2,05	— 1,88	10,36	..	5,77	57	79	**13,56**
1930–31	..	— 31,70	— 18,88	— 14,33	..	— 1,30	58	55	— **65,08**
1931–32	..	7,16	3,73	8,52	..	16	59	1,29	**21,45**
1932–33	..	— 6,11	2,13	10,82	..	1,48	60	1,02	**9,94**
1933–34	..	14,01	16,04	23,27	..	10,28	74	1,10	**65,44**
1934–35	..	1,54	12,93	20,35	..	11,88	83	76	**48,29**
1935–36	..	— 5,59	— 5,58	7,76	13,06	..	11,31	81	59	**22,36**
1936–37	..	22,50	15,97	22,20	25,48	..	12,92	79	66	**1,00,52**
1937–38	..	25,00	10,26	16,08	19,21	..	14,52	89	85	**86,81**
1938–39	..	2,40	— 9,55	3,55	6,34	..	14,80	84	77	**19,15**
1939–40	..	59,67	38,97	48,07	51,25	..	21,08	97	97	**2,20,98**
1940–41	..	1,52,76	1,02,27	71,56	76,14	..	23,27	1,14	1,06	**4,28,20**
1941–42	..	1,56,83	1,26,47	87,91	99,25	4,16	29,31	1,18	1,16	**5,06,27**
1942–43	..	3,81,92	2,86,87	2,21,82	2,02,27	56,89	12,69	37	75	**11,63,58**
1943–44	..	5,40,61	5,16,98	3,33,70	3,10,98	1,14,33	29,45	8	13	**18,46,26**
1944–45	..	5,51,02	5,40,15	3,07,06	3,43,33	1,30,02	48,78	—2	4	**19,20,38**

† Since the inauguration of the Reserve Bank in 1935 silver half rupees have been included in statistics relating to small coin. * Nickel half anna pieces introduced in January 1942.

STATEMENT XXXVIII

Absorption of Currency (Annual) since 1914-15

(Reference paragraph 65)

(In lakhs of rupees)

	Notes	Rupees*	Small coin	Total
Average for 5 years 1914-15 to 1918-19 ..	+ 16,72	+ 22,08	+ 1,02	+ 39,82
1914-15	— 6,01	— 6,70	— 19	— 12,90
1915-16	+ 9,23	+ 10,40	+ 38	+ 20,01
1916-17	+ 13,89	+ 33,81	+ 99	+ 48,69
1917-18	+ 17,22	+ 27,86	+ 1,01	+ 46,09
1918-19	+ 49,28	+ 45,02	+ 2,92	+ 97,22
1919-20	+ 20,20	+ 20,09	+ 2,16	+ 42,45
1920-21	— 5,90	— 25,68	— 46	— 32,04
1921-22	+ 9,35	— 10,46	— 4	— 1,15
1922-23	+ 3,87	— 9,56	+ 23	— 5,46
1923-24	+ 7,96	+ 7,62	+ 34	+ 15,92
1924-25	— 2,51	+ 3,65	+ 49	+ 1,63
1925-26	+ 1,16	— 8,17	+ 23	— 6,78
1926-27	— 3,40	— 19,76	+ 11	— 23,05
1927-28	+ 10,22	— 3,75	+ 40	+ 6,87
1928-29	+ 3,57	— 3,03	+ 44	+ 98
1929-30	— 18,80	— 21,71	+ 14	— 40,37
1930-31	— 11,37	— 21,58	— 65	— 33,60
1931-32	+ 17,24	+ 3,93	+ 21	+ 21,38
1932-33	— 14,83	— 7,56	+ 10	— 22,29
1933-34	+ 13,54	— 30	+ 65	+ 13,89
1934-35	— 32	— 3,21	+ 48	— 3,05
1935-36	+ 5,26	— 9,41	+ 22	— 3,93
1936-37	+ 25,53	— 2,49	+ 1,01	+ 24,05
1937-38	— 8,23	— 6,52	+ 87	— 13,88
1938-39	+ 2,98	— 12,60	+ 19	— 9,43
Total for 20 years 1919-20 to 1938-39 ..	+ 55,52	— 130,50	+ 7,12	— 67,86
Average for 20 years 1919-20 to 1938-39	+ 2,78	— 6,53	+ 36	— 3,39
1939-40	+ 49,45	+ 10,08	+ 2,21	+ 61,74
1940-41	+ 19,11	+ 33,23	+ 4,28	+ 56,62
1941-42	+ 152,40	+ 7,18	+ 5,06	+ 164,64
1942-43 †	+ 261,85	+ 44,93	+ 11,64	+ 318,42
1943-44 †	+ 238,91	+ 25,60	+ 18,46	+ 282,97
1944-45 †	+ 202,39	+ 10,05	+ 19,20	+ 231,64
Total for 6 years 1939-40 to 1944-45 ..	+ 924,11	+ 131,07	+ 60,85	+ 1,116,03
Average for 6 years 1939-40 to 1944-45 ..	+ 154,02	+ 21,85	+ 10,14	+ 186,01

* Including Government of India one rupee notes since July 1940. † India only.

STATEMENT XXXIX

†Monthly Absorption of Currency, 1944-45

(Reference paragraph 65)

(In lakhs of rupees)

1943-44				Month	1944-45			
Notes	Rupee Coin‡	Small Coin	Total		Notes	Rupee Coin‡	Small Coin	Total
+ 34,03	+ 3,31	+ 1,08	+ **38,42**	April	+ 14,31	+ 1,42	+ 1,68	+ **17,41**
+ 26,50	+ 3,56	+ 1,17	+ **31,23**	May	+ 13,52	+ 2,23	+ 2,05	+ **17,80**
+ 19,24	+ 2,49	+ 1,39	+ **23,12**	June	+ 21,05	+ 92	+ 1,81	+ **23,78**
+ 17,03	+ 97	+ 1,46	+ **19,46**	July	— 9,41	— 1,65	+ 1,63	— **9,43**
+ 14,26	+ 47	+ 1,45	+ **16,18**	August	+ 5,05	— 1,29	+ 1,72	+ **5,48**
+ 5,04	— 12	+ 1,63	+ **6,55**	September	+ 14,24	+ 72	+ 1,67	+ **16,63**
+ 22,41	+ 1,40	+ 1,21	+ **25,02**	October	+ 15,29	+ 64	+ 1,49	+ **17,42**
+ 12,28	+ 1,34	+ 1,57	+ **15,19**	November	+ 16,55	— 75	+ 1,48	+ **17,28**
+ 46,43	+ 5,11	+ 1,84	+ **53,38**	December	+ 36,51	+ 2,12	+ 1,47	+ **40,10**
+ 12,88	+ 3,09	+ 1,60	+ **17,57**	January	+ 24,41	+ 2,32	+ 1,42	+ **28,15**
+ 13,82	+ 1,97	+ 1,91	+ **17,70**	February	+ 25,33	+ 2,30	+ 1,33	+ **28,96**
+ 14,99	+ 2,01	+ 2,15	+ **19,15**	March	+ 25,54	+ 1,07	+ 1,45	+ **28,06**
+ **238,91**	+ **25,60**	+ **18,46**	+ **282,97**	**Total**	+ **202,39**	+ **10,05**	+ **19,20**	+ **231,64**

† Figures for India only. ‡ Upto October 1943, the absorption of rupee coin was based on the changes in the month-end (last Friday) holdings in the Issue and Banking Departments; with the demonetisation of the standard rupee coin with effect from November 1943, the absorption of rupee coin is based on changes in the circulation of rupee coin which now comprise quaternary rupees and Government of India one rupee notes.

STATEMENT XL

Circulation of Notes by Denominations since 1913-14†

(Reference paragraph 70)

Year ended (31st March)	Notes in Circulation (in lakhs of rupees)											Percentage to Gross Circulation of all notes except Rs. 10,000								
	Re. 1	Rs. 2	Rs. 2-8	Rs. 5	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000		Re. 1	Rs. 2	Rs. 2-8	Rs. 5	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000
1914 „	1,61	17,73	8	1,78	17,81	2,64	9,17		..	..	..	3.2	34.9	.2	3.5	35.0	5.2	18.0			
1921 „ ..	9,52	..	51	14,05	52,67	3	3,84	47,22	2,53	17,81		6.4	..	.4	9.5	35.5	...	2.6	31.9	1.7	12.0
1922 „ ..	9,93	..	27	15,84	57,51	3	4,05	54,28	2,05	14,68		6.2	..	.2	10.0	36.3	..	2.5	34.2	1.3	9.3
1923 „ ..	10,88	..	13	16,27	56,71	2	3,76	59,43	1,74	14,41		6.7	..	.1	10.0	34.7	..	2.3	36.4	1.0	8.8
1924 „ ..	11,39	..	7	15,90	57,18	2	3,12	69,41	1,62	12,87		6.6	..	..	9.3	33.4	..	1.8	40.5	.9	7.5
1925 „ ..	4,15	..	4	15,83	68,57	2	2,61	63,87	1,32	13,11		2.5	..	..	9.3	40.5	..	1.5	37.7	.8	7.7
1926 „ ..	72	..	2	15,66	76,88	2	2,23	60,22	1,19	13,20		.4	..	..	9.2	45.2	..	1.3	35.4	.7	7.8
1927 „ ..	44	..	2	16,49	72,86	2	2,15	60,09	1,10	13,42		.3	..	..	9.9	43.7	..	1.3	36.1	.7	8.0
1928 „ ..	39	..	1	18,91	76,27	2	2,09	63,07	1,05	14,90		.2	..	..	10.7	43.2	..	1.2	35.7	.6	8.4
1929 „ ..	36	..	1	23,77	74,55	2	2,01	65,76	99	12,69		.2	..	..	13.2	41.4	..	1.1	36.5	.6	7.0
1930 „ ..	35	..	1	20,97	69,08	2	1,60	58,88	84	10,78		.2	..	..	12.9	42.6	..	1.0	36.3	.3	6.7
1931 „ ..	34	..	1	18,92	64,20	2	1,53	54,86	77	10,76		.2	..	..	12.5	42.4	..	1.0	36.3	.5	7.1
1932 „ ..	34	..	1	22,31	69,55	2	1,51	63,07	79	11,67		.2	..	..	13.2	41.1	..	.9	37.3	.4	6.9
1933 „ ..	33	..	1	19,95	61,83	2	1,28	57,65	68	11,63		.2	..	..	13.0	40.3	..	.8	37.6	.5	7.6
1934 „ ..	33	..	1	21,53	67,41	2	1,33	64,90	60	11,31		.2	..	..	12.9	40.2	..	.8	38.8	.4	6.7
1935 „ ..	32	..	1	23,11	67,83	2	1,26	60,94	56	17,72		.2	..	..	13.5	39.5	..	.7	35.5	.3	10.3
Year ended (31st Dec.)																					
1935 „ ..	32	..	1	25,28	69,31	1	1,34	62,35	53	12,84		.2	..	..	15.0	40.3	..	.7	36.0	.3	7.5
1936 „ ..	33	..	1	31,71	77,34	1	1,36	69,07	48	12,11		.2	..	..	16.5	40.2	..	.8	35.9	.2	6.2
1937 „ ..	32	..	1	32,46	76,08	1	1,25	62,44	45	11,01		.2	..	..	17.5	41.3	..	.7	34.0	.2	6.0
1938 „ ..	32	..	1	33,84	77,89	1	1,01	62,81	37	10,51		.2	..	..	18.1	41.7	..	.6	33.6	.2	5.6
1939 „ ..	32	..	1	45,63	98,29	1	92	75,57	34	13,79		.1	..	..	19·4	41·9	..	.4	32·1	.2	5.9
1940 „ ..	32	..	1	44,03	97,83	1	61	80,44	33	17,64		.1	..	..	18·3	40·6	..	.2	33.4	·1	7.3
1941 „ ..	32	..	1	62,23	134,89	1	51	113,13	36	28,20		.1	..	..	18.3	39·7	..	·2	33·3	·1	8·3
1942* „ ..	32	..	1	106,74	218,21	1	46	202,82	52	54,07		..	..	..	18·3	37·4	..	·1	34·8	·1	9·3
1943* „ ..	32	5,56	1	142,48	302,93	1	37	291,54	60	90,99		..	.7	..	17.1	36.3	..	..	34·9	.1	10.9
1944* „ ..	32	9,73	1	148,80	363,38	1	30	382,51	32	100,93		..	1·0	..	14·8	36·1	..	..	38·0	..	10.1

† Excluding (1) the Government of India one rupee notes introduced in July 1940, which are treated for the purposes of the Bank as rupee coin, and (2) Rs. 10,000 notes which are mainly used by banks for making large adjusting payments. * India notes only.

STATEMENT XLI

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS SINCE 1835

(Reference paragraph 74)

	Coined in Calcutta	Coined in Madras	Coined in Bombay	Total Coined
	Rs.	Rs.	Rs.	Rs.
William IV, 1835	10,90,88,070	11,78,000	5,37,12,502	16,39,78,572
Victoria, 1840, 1st issue ..	17,99,34,670	2,18,98,181	10,98,38,073	31,16,70,924
„ 1840, 2nd „ ..	39,85,53,660	5,50,49,201	31,29,58,076	76,65,60,937
„ 1862	26,94,27,222	2,94,81,923	40,80,03,034	70,69,12,179
„ 1874	1,50,13,834	.....	2,85,08,566	4,35,22,400
„ 1875	1,16,31,951	.....	1,93,59,597	3,09,91,548
„ 1876	1,20,01,264	.....	2,89,49,037	4,09,50,301
„ 1877	3,92,51,692	.....	9,55,54,320	13,48,06,012
„ 1878	3,26,57,837	.....	6,39,27,196	9,65,85,033
„ 1879	1,59,28,325	.....	7,27,99,904	8,87,28,229
„ 1880	1,83,99,894	.....	5,37,85,624	7,21,85,518
„ 1881	24,35,719	.....	31,61,858	55,97,577
„ 1882	1,50,90,289	.....	5,63,97,278	7,14,87,567
„ 1883	51,23,372	.....	1,80,22,789	2,31,46,161
„ 1884	1,16,41,757	.....	3,68,46,570	4,84,88,327
„ 1885	3,41,52,203	.....	6,48,78,000	9,90,30,203
„ 1886	1,08,78,075	.....	4,11,46,457	5,20,24,532
„ 1887	4,02,00,148	.....	4,84,00,000	8,86,00,148
„ 1888	75,68,000	.....	6,32,00,000	7,07,68,000
„ 1889	93,68,310	.....	6,53,00,000	7,46,68,310
„ 1890	2,47,41,865	.....	9,29,00,000	11,76,41,865
„ 1891	1,46,69,903	.....	4,95,00,000	6,41,69,903
„ 1892	3,24,55,120	.....	7,22,00,000	10,46,55,120
„ 1893	91,40,310	.....	6,95,90,000	(a) 7,87,30,310
„ 1897	4,70,184	.....	10,54,593	(b) 15,24,777
„ 1898	12,50,976	.....	62,68,437	(b) 75,19,413
„ 1900	5,29,02,591	.....	6,52,36,908	(c) 11,81,39,499
„ 1901	3,37,22,243	.....	7,54,13,718	(d) 10,91,35,961
„ 1901 coined in 1902 ..	3,82,94,644	.....	5,48,44,740	(e) 9,31,39,384
Edward VII, 1903 ditto ..	25,000	.....	.....	25,000
„ „ 1903	4,93,78,355	.....	5,29,69,151	(f) 10,23,47,506
„ „ 1904	5,83,38,617	.....	10,19,40,291	(g) 16,02,78,908
„ „ 1905	5,12,57,883	.....	7,62,02,223	(h) 12,74,60,106

(a) Including Rs. 5,90,000 coined for the Bikaner State
(b) On account of Kashmir and Bhopal re-coinage
(c) „ „ 2,09,02,414 coined for Indian States
(d) Including Rs. 1,90,43,904 coined for Indian States
(e) „ „ 2,98,86,014 „ „ „ „
(f) „ „ 11,66,451 „ „ „
(g) „ „ 59,422 „ „ „ „
(h) „ „ 3,28,000 „ „ „

STATEMENT XLI—(*continued*)

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS SINCE 1835

		Coined in Calcutta	Coined in Madras	Coined in Bombay	Coined in Lahore	Total Coined
		Rs.	Rs.	Rs.		Rs.
Edward VII,	1906	10,47,97,164	....	15,89,53,269	....	(*j*) 26,37,50,433
„ „	1907	8,13,38,000	....	17,09,11,816	....	(*k*) 25,22,49,816
„ „	1908	2,02,17,728	....	1,07,14,770	....	3,09,32,498
„ „	1909	1,27,58,580	....	95,38,746	....	(*l*) 2,22,97,326
„ „	1910	85,00,000	....	91,88,673	....	1,76,88,673
„ „	1910 coined in 1911	41,27,013	....	16,96,273	....	58,23,286
George V,	1911	42,99,924	....	51,43,125	....	94,43,049
„ „	1912	4,51,22,132	....	7,90,67,074	....	(*m*) 12,41,89,206
„ „	1913	7,58,00,163	....	8,74,65,788	....	(*n*) 16,32,65,951
„ „	1914	3,31,00,150	....	1,52,70,000	....	4,83,70,150
„ „	1915	99,00,139	....	53,71,979	....	1,52,72,118
„ „	1916	11,50,00,210	....	9,79,00,000	....	21,29,00,210
„ „	1917	11,32,00,217	....	15,15,82,659	....	26,47,82,876
„ „	1917 coined in 1918	17,74,025	....	....	....	17,74,025
„ „	1918	20,13,26,240	....	21,05,50,363	....	41,18,76,603
„ „	1918 coined in 1919	40,94,006	....	....	....	40,94,006
„ „	1919	19,68,06,224	....	22,67,06,054	....	42,35,12,278
„ „	1919 coined in 1920	1,44,00,031	....	....	....	1,44,00,031
„ „	1920	3,86,00,085	....	5,59,36,544	....	9,45,36,629
„ „	1920 coined in 1921	64,00,064	....	....	....	64,00,064
„ „	1920 coined in 1922	5,64,000	....	....	....	5,64,000
„ „	1920 coined in 1923	49,36,050	....	....	....	49,36,050
„ „	1921	....	....	51,15,121	....	51,15,121
„ „	1922	....	....	20,51,150	....	20,51,150
George VI,	1938 coined in 1940	....	....	98,02,178	....	98,02,178
„ „	1940	....	....	(*o*) 2,35,00,002	....	2,35,00,002
„ „	1941	....	....	(*o*) 24,11,00,001	....	24,11,00,001
„ „	1942	....	....	(*o*) 23,75,00,001	....	23,75,00,001
„ „	1943	....	....	(*o*) 6,69,94,637	....	6,69,94,637
„ „	1944	....	....	(*o*) 15,22,06,000	(*o*) 8,54,00,000	23,76,06,000
Total William IV ..	.. ..	**10,90,88,070**	**11,78,000**	**5,37,12,502**	....	**16,39,78,572**
„ **Victoria** ..	.. ..	**133,69,06,058**	**10,64,29,305**	**207,80,44,775**	....	**352,13,80,138**
„ **Edward VII**	.. ..	**39,07,38,340**	....	**59,21,15,212**	....	**98,28,53,552**
„ **George V** ..	.. ..	**86,53,23,660**	....	**94,21,59,857**	....	**180,74,83,517**
„ **George VI Standard**	..	....	....	**98,02,178**	....	**98,02,178**
„ „ **Quaternary**	..	....	....	**72,13,00,641**	**8,54,00,000**	**80,67,00,641**
Total	..	**270,20,56,128**	**10,76,07,305**	**439,71,35,165**	**8,54,00,000**	**729,21,98,598**

(*j*) Including Rs. 3,90,310 coined for Indian States and Rs. 1,67,00,000 (Calcutta Rs. 32,00,000 and Bombay Rs. 1,35,00,000) coined from silver in Gold Standard Reserve.

(*k*) „ Rs. 94,766 coined for Indian States and Rs. 4,33,00,000 (Calcutta Rs. 1,68,00,000 and Bombay Rs. 2,65,00,000) coined from silver in Gold Standard Reserve.

(*l*) „ Rs. 1,01,459 coined for Indian States. (*m*) Including Rs. 16,56,250 coined for Indian States.

(*n*) „ „ 12,78,441 „ „ „ (*o*) Quaternary rupees.

APPENDIX

List of Approved Non-Scheduled Banks and Indigenous Bankers eligible for concession rates of remittances under the Reserve Bank Scheme as on 31st March 1945.

I. Non-scheduled Banks.

1. Agricultural and Industrial Bank Ltd., Coondapur.
2. Amrit Bank Ltd., Amritsar.
3. Aryan Bank Ltd., Calcutta.
4. Associated Bank of Tripura Ltd., Gangasagar.
5. Balthazar & Son (Bankers) Ltd., Rangoon.
6. Bank of Assam Ltd., Shillong.
7. Bank of Calcutta Ltd., Calcutta.
8. Bank of Citizens Ltd., Belgaum.
9. Bank of the East (1927) Ltd., Gauhati.
10. Banthia Bank Ltd., Panvel.
11. Bareilly Bank Ltd., Bareilly.
12. Belgaum Bank Ltd., Belgaum.
13. Bengal Bank Ltd., Calcutta.
14. Bharat Banking Co., Ltd., Silchar.
15. Bharat Industrial Bank Ltd., Poona.
16. Bharatha Lakshmi Bank Ltd., Masulipatam.
17. Bishnupur Bank Ltd., Bishnupur.
18. Burma Buddhist Orphanage Association Bank Ltd., Mandalay.
19. Calcutta Industrial Bank Ltd., Calcutta.
20. Chawla Bank Ltd., Bannu.
21. Chotanagpur Banking Association Ltd., Hazaribagh.
22. City Bank Ltd., Lahore.
23. Commercial Bank & Trust Ltd., Madras.
24. Commonwealth Bank Ltd., Kumbakonam.
25. Continental Bank of Asia Ltd., Calcutta.
26. Dass Bank Ltd., Calcutta.
27. Dawson's Bank Ltd., Pyapon, Burma.
28. Dinajpur Trading & Banking Co., Ltd., Dinajpur.
29. Dindigul Sri Kannikaparameswari Bank Ltd., Dindigul.
30. Eastern Union Bank Ltd., Chittagong.
31. Federal Bank of India (Punjab) Ltd., Lahore.
32. Frontier Bank Ltd., Dera Ismail Khan.
33. Gauhati Bank Ltd., Gauhati, Assam.
34. Girish Bank Ltd., Calcutta.
35. Himalya Bank Ltd., Kangra.
36. Hira Bullion Bank Ltd., Meerut.
37. India's Ideal Banking Corporation Ltd., Bangalore.
38. Indian National Bank Ltd., Calcutta.
39. Jaya Laxmi Bank Ltd., Mangalore.

40. Karnataka Bank Ltd., Mangalore.
41. Kotagiri Bank Ltd., Kotagiri.
42. Lakshmi Commercial Bank Ltd., Rawalpindi.
43. Laxmi Industrial Bank Ltd., Calcutta.
44. Mannargudi Bank Ltd., Mannargudi.
45. Mayavaram Permanent Fund Ltd., Mayavaram.
46. Melarkode Bank Ltd., Palghat.
47. Naini Tal Bank Ltd., Naini Tal.
48. National Bank of Sialkot Ltd., Sialkot.
49. National Economic Bank Ltd., Calcutta.
50. National Security Bank Ltd., Calcutta.
51. Pioneer Commercial Bank Ltd., Calcutta.
52. Pollachi Union Bank Ltd., Pollachi.
53. Punjab & Kashmir Bank Ltd., Rawalpindi.
54. Rajapalaiyam Commercial Bank Ltd., Rajapalaiyam.
55. Rayalseema Bank Ltd., Bellary.
56. Sahukara Bank Ltd., Ludhiana.
57. Salem Bank Ltd., Salem.
58. Sangli Bank Ltd., Sangli.
59. Satara Swadeshi Commercial Co., Ltd., Satara City.
60. Shillong Banking Corporation Ltd., Shillong.
61. Sind National Bank Ltd., Hyderabad (Sind).
62. Sonar Bangla Bank Ltd., Calcutta.
63. Southern India Apex Bank Ltd., Udipi.
64. Suburban Bank Ltd., Calcutta.
65. Supreme Bank of India Ltd., Belgaum.
66. Surat Banking Corporation Ltd., Surat.
67. Sylhet Industrial Bank Ltd., Sylhet.
68. Tanjore Permanent Fund, Ltd., Tanjore.
69. Tezpur Industrial Bank Ltd., Tezpur.
70. Trichinopoly Bank Ltd., Trichinopoly.
71. Trichinopoly Tennore Hindu Permanent Fund Ltd., Trinchinopoly.
72. Tripura Modern Bank Ltd., Akhaura.
73. Union Bank of Bengal Ltd., Calcutta.
74. Union Bank of Bijapur & Sholapur Ltd., Bijapur.
75. United Western Bank Ltd., Satara City.
76. U. P. Industrial Financing Corporation Ltd., Cawnpore.
77. Vijaya Bank Ltd., Mangalore.
78. Vysya Bank Ltd., Bangalore.

II. Indigenous Bankers.

1. Messrs. Balakram Dwarka Das, Simla.
2. Messrs. Bhau Lall Bankers, Shahjahanpur.
3. Messrs. Durga Sah Mohan Lal Sah, Ranikhet.
4. Mr. Ranchhodbhai Bhaichandbhai Sura, Bombay.

INDEX.

Paragraph

A

Absorption, currency 65
„ of notes 62
„ „ rupees 63
„ „ small coin 64
Agriculture, Development Plan of .. 11
Agricultural Income-tax 34
Anti-Inflation Conference—Cairo .. 8
Assam Acquisition, Keeping and Disposal of Gold Order, 1945 19
Assaying and refining of gold 20
„ „ „ of silver 23
Australia 7, 12, 13
„ circulation of notes 70
„ post-war industrial development 7

B

Balance of Trade 14
„ „ Canada 7
Balances, Central Government .. 37, 40, 59, 67
„ Provincial Governments .. 41
Bank Rates 54
Banking Legislation 61
Belgium .. .. 13, 27 (i)
„ Financial and Monetary Agreements with Britain .. .. 27(i)
Bombay Docks Explosion, compensation regarding 31
Bretton Woods Conference 2
British Farming, Four-Year Plan for .. 6
Budget, Central 30, 31, 32
„ Provincial 34
„ Railway 33
Bullion market 19
Bullion and specie, exemption of Sales Tax on 34
Burma 10
„ notes 62
„ „ encashment of 69

C

Canada 7, 12, 13
„ Balance of Trade 7, 13
„ Export Credit Insurance Corporation 13
„ War Exchange Conservation Act. 13
Central Road Board 11
„ Technical Power Board 11
Circulation of notes 60, 62
„ „ „ by denominations . 70
„ of rupee coin 63
Clearing House Statistics 56
Coinage 74
Combined Food Board 1
„ Production and Resources Board 1
„ Raw Materials Board .. 1
Composition of Trade 16
Conferences, International 2
Consolidated position of scheduled banks. 55

Paragraph

C—contd.

Consumer Goods (Control of Distribution) Order 11
Contract Termination Act, 1944.. .. 5
Conversion of G. P. Notes into Stock Certificates 47
Corporation Tax 31
Cost of Living, India, Canada, U. K., U.S.A., etc. 12
Cotton Cloth and Yarn (Control) Order .. 53
Cotton goods, world production of .. 1
Counterfeit coin 77
Currency Absorption 65
„ expansion of 4
„ seasonal movements of .. 66
Customs receipts 30, 31, 32
Cyrenaica .. .. 27(viii)

D

Debt, funded 46
„ provision for reduction of .. 45
„ total 46
„ position of provinces 50
Defence expenditure 30, 31, 32
„ „ U.S.S.R. 9
„ loan, Government of India Fourth 43
„ Plant Corporation 5
Department of Planning and Development 11
Deposit currency, velocity of circulation 56
Deposits, Central Government 59
„ scheduled banks 55, 59
Deshmukh, Sir Chintaman, D. 68
Direction of Trade 15
Distribution of Revenues Order 35
Dollars, earmarking of 32
Dumbarton Oaks Conference 2

E

Egypt, sterling debt replacement .. 8
Empire countries, imports from .. 15
Empire countries, treasury bill rates in .. 38
Eritrea .. .. 27(viii)
Ethiopia .. .. 27(viii)
Exchange 25
„ control, developments in .. 26
Excess Profits Tax 31, 32
Expansion of Currency 4
Expenditure, defence 30, 31, 32
Export Credit, raising the limit of .. 6
„ „ Insurance Corporation . 7, 13
„ finance, methods of 28
„ Guarantee Act of 1939 .. 13
Export-Import Bank 13

F

Federal Reserve Board, production indices of 5
Fertilizer Mission 11
Finance Corporation for Industry .. 6
Financial Settlement between U. K. and India 31

Paragraph

F—contd.

Foodgrains Policy Committee 11
France .. .. 13, 27(ii)
„ Financial and Monetary Agreements with Britain .. .. 27(ii)
French Establishments in India .. 27(vi)
Funded Debt 46
Funding Loan 1966-68 .. .. .. 43, 52

G

General Reconversion Act, 1944 5
Germany 12
Gold, Assam Acquisition Keeping and Disposal Order 19
„ assaying and refining of .. 20
„ monetary stocks of 18
„ price of 19
„ production of 18
„ holdings, valuation of 60
„ official sales in India 19
„ „ „ in Middle Eastern countries 8
„ U. S. stock of 18
„ World Central Reserves of .. 18
Government loans 43, 49
„ Promissory Notes, conversion of 47
„ securities, index numbers of 52
„ securities market 52
„ securities, face value and market value of .. 52
Greece .. .. 27(iii)
Green Act 21

H

Hoarding and Profiteering Prevention Ordinance 11
Hydari Mission 11

I

Imperial Council of Agricultural Research, Special Committee's Plan .. 11
Imports, consumer goods 11
„ from Empire Countries .. 15
Income Tax 30, 31, 32, 35
„ „ 'pay-as-you-go' system of 31
„ „ provincial share of .. 35
„ „ Act, Amendment to .. 32
Index numbers of cheque clearances .. 56
„ „ „ Department Stores Sales 5, 7
„ „ „ Food Prices 12
„ „ „ Government Securities 52
„ „ „ industrial production, Federal Reserve Board 5
„ „ „ industrial securities .. 53
„ „ „ Pay Rolls 7
„ „ „ wholesale prices .. 12

Paragraph

I—contd.

India 11
„ price levels in 12
Indian Mercantile Marine, Memorandum for Development of 11
Indices, financial and economic 6
Industrial and Commercial Finance Corporation Ltd. 6
Industrial Development Bank of Canada. 7
Industrial Panels 11
„ „ share market 53
Interest bearing obligations, Govt. of India 46
Internal remittances 57
International Bank for Reconstruction and Development .. 2, 13
„ Business Conference .. 2
„ Civil Aviation Conference... 2
„ Labour Conference .. 2
„ Monetary Fund 2, 13
„ „ trade, trends in 13
Italy .. .. 27(iv)

J

Japanese occupation currency 10
Jute export duties 35

L

Lend-lease Aid 1
„ „ Exports 1
„ „ receipts by India 31
„ „ release of silver 21
Liberated territories, resumption of transactions with 27
Lloyd Barrage Debt, repayment of .. 50
Loans, Government of India 43
„ Provincial 49, 52
„ repayment of 44

M

Manpower Referral System 5
Merchandise, trade in 14
Middle East Council of Agriculture .. 8
„ „ Supply Centre 8
„ Eastern Countries 8
Mill-made cloth, supplies of, in India .. 11
Mintage, rupees 74
„ small coin 64, 74
Money market 54
„ rates in various countries .. 54
„ „ India 54
„ supply in India, total 67
„ „ „ „ general analysis of sources .. 67
Moscow Agreement 2
Mutual Aid Agreement, U.S.A. and Australia 7
„ „ „ India and Canada 11
„ „ British White Paper on .. 1

Paragraph

N

National Income, gross (U.S.A.) .. 5
„ Savings Campaign 43
„ „ Certificates, amendments in terms of issue 48
Nickel and copper coin 76
Niemeyer Award 34
Non-effective charges, agreement regarding 31, 32
Note circulation and demand deposits .. 4,67
„ forgeries 73
Notes, Burma 62, 69
„ changes in the form of 68
„ circulation and absorption of .. 62
„ Circulation by denominations .. 70
„ foreign circle, encashment of .. 58
„ new issue of Rs. 100 and Rs. 5 denominations 68
„ lost, destroyed and mutilated .. 72
„ old 71

O

One-rupee notes, issue of new series .. 68
Open General Licence 11, 14

P

Pacific Relations Conference 2
Post Office Cash Certificates 48
„ „ Defence Savings Certificates. 48
„ „ „ „ Bank Deposits 48
„ „ Savings Bank, Amendment of Rules .. 48
„ „ „ „ Deposits .. 48
Post-war Reconstruction 11
Price trends in India and other countries. 12
Prize Bonds 43
Production Index of the Federal Reserve Board 5
Provincial Budgets 34
„ Cash Balances 50
„ debt position 50
„ loans 49, 52
Public Debt of belligerent countries .. 3
„ „ of India 46
„ „ „ general trends .. 36

R

Railway budget 33
„ Reconstruction Programme .. 11
„ Reserve Fund, transfers to .. 33
Railways' contribution to general revenues 31, 32, 33
Reciprocal Aid 1
Reconstruction Committee's Second Report 11
„ finance, possible sources of 32
„ funds, Provincial .. 34
Remittances, internal 57
Repatriation of Sterling Debt 51

Paragraph

R—*contd.*

Reserve Bank of India, Banking Department 59
„ „ „ Issue Department 60
Revenue and expenditure of belligerent countries 3
Reverse lend-lease.. 1
Rupee coin in circulation 63
„ „ transfers from Government. 63
„ counterparts 43, 51
„ debt, composition of 46
Rupees, absorption of 63

S

Sales Tax 34
San Francisco Conference 2
Scheduled Banks, consolidated position of 55
Senate Committee's Report on Postwar problems 5
Silver, acquisition by U. S. Treasury .. 21
„ assaying and refining of 23
„ change in price in London .. 22
„ demand for industrial and coinage purposes 21
„ lend-lease by United States .. 21
„ official sales 22
„ price of 22
„ production and stocks of .. 21
„ Purchase Act 21
„ U. S. Treasury's buying rate of .. 22
„ coin, withdrawal of 75
Small coin, absorption of 64
„ „ issue of 64
„ „ mintage of 64, 74
Small Savings 48
Somalia .. .. 27(viii)
South Africa 7
South East Asia Command 10
Spot Authorisation Plan 5
Stabilisation Act of October 1942 .. 5
Standard rupees, cessation of legal tender character of 63
Sterling Belgian Franc Rate .. .. 27(i)
„ debt, composition of 46
„ „ repatriation of 51
„ Franc Rate .. .. .. 27(ii)
„ holdings by the Bank 24
„ Kroner Rate .. .. .. 27(v)
„ securities.. .. .. .. 59, 60
„ purchases 24
„ sales of 24
Subsidiary General Ledger Accounts .. 47
Subventions from the Centre 35
„ to the Government of Bengal regarding cost of famine 31, 35
Surplus Disposal Act, 1944 5
Sweden, Monetary and Financial Agreements with .. .. .. 13, 27 (v)
Switzerland .. .. .. 27(vii)

Paragraph

T

Tariff Board 11
Tax, Corporation 31
„ Income 30, 31, 32, 35
Taxation, new 32
Telegraphic Transfers 25, 57
Trade, balance of 14
„ composition of 16
„ direction of 15
„ foreign sea-borne 17
„ trends in international 13
Travel, relaxation of restrictions on .. 26
Treasury bill rates in Empire countries . 38
„ bills, Central Government .. 38, 54
„ „ investments of Provincial Governments .. 38
„ „ modification in the method of payment .. 38
„ „ Provincial Government . 42
„ „ sales to the Issue Department 38
„ „ yield 39
Tripolitania .. .. .. 27(viii)

U

United Kingdom 6, 12
„ „ cessation of the legal tender character of higher denomination notes 70
„ „ Export Guarantees Act 13
„ „ Trading with the Enemy Regulations 27
„ „ Treasury Bill Rate .. 38, 54
„ „ Vesting Order .. 27(i)
United Nations Conference, San Francisco 2
„ „ Monetary and Financial Conference, Bretton Woods 2
United Provinces, Encumbered Estates Act Bonds 49

Paragraph

U—*contd.*

UNRRA 1, 13, 31
United States 5, 12
„ „ circulation of notes .. 70
„ „ Export-Import Bank .. 13
„ „ Reciprocal Trade Agreements Act 13
„ „ dollars, earmarking of .. 32
U.S.S.R. 9

V

Veterans Benefit Act 1944 5
Victory Loans 43

W

Wages Council Bill 1945 6
War Exchange Conservation Act .. 13
War Expenditure, recoverable 31
War Production Board 5
Wartime finances 3
Ways and means advances, Central Government 40
„ „ „ Provincial Governments 41
White Paper on British expenditure in India 12
„ „ „ Burma 10
„ „ „ Mutual Aid 1
White Papers on demobilisation, land utilisation, social security and war effort 6
Wholesale prices in India, U.K., etc. .. 4, 12
Withdrawal of nickel and copper coin 76
„ „ silver coin 75
World Security Council 2
World Trade Union Conference 2

Y

Yalta Conference 2
Yield on Post Office Cash Certificates, Defence Savings Certificates and National Savings Certificates 48

Reserve Bank of India

REPORT

ON

CURRENCY and FINANCE

FOR THE YEAR

1945-46

BOMBAY
THE TIMES OF INDIA PRESS
1946

CONTENTS

PART I—REPORT

	Paragraph	Page
I. INTRODUCTORY	1–11	1–17
Post-war International Problems	1	1–2
International Conferences	2	2–4
Problems in Transition	3	4
Money Circulation and Wholesale Prices	4	4–6
United States	5	6–7
United Kingdom	6	7–9
Other Empire Countries	7	9–10
Middle Eastern Countries	8	10–11
Union of Soviet Socialist Republics	9	11–12
Burma	10	12–13
India	11	13–17
II. PRICES AND TRADE	12–21	18–31
General	12	18
Price Trends in the United Kingdom, the United States and Dominions	13	18–19
Price Trends in India	14	19–20
Trends in International Trade	15	20–26
India's Balance of Trade in Merchandise	16	26
Direction of Trade (Excluding Re-exports)	17	26–28
Composition of Trade	18	28–29
Imports and Exports	19	29
Tariff Board	20	30–31
Trade Agreements	21	31
III. BULLION	22–27	31–40
Production and Stocks of Gold	22	31–32
Price of Gold	23	32–35
Assaying and Refining of Gold	24	35
Production and Stocks of Silver	25	35–37
Price of Silver	26	37–40
Assaying and Refining of Silver	27	40

	Paragraph	Page
IV. FOREIGN EXCHANGE AND EXCHANGE CONTROL	28–33	40–46
Purchases of Sterling and Remittances	28	40–42
Exchange	29	42
Developments in Exchange Control	30	42–43
Burma	31	43
Monetary Agreements	32	44–45
Methods of Export Finance	33	45
V. PUBLIC FINANCE	34–55	47–75
A. BUDGETS	34–41	47–63
CENTRAL GOVERNMENT:		
Accounts, 1944–45	34	47
Revised Estimates, 1945–46	35	47 & 49
Budget Estimates, 1946-47	36	49–54
Wartime Central Finances	37	54–56
Railway Budget	38	56–58
Wartime Railway Finances	39	58–60
Provincial Budgets	40	60–61
Subventions and Payments from the Centre	41	61 & 63
B. PUBLIC DEBT	42–55	64–75
Wartime Trends in Central and Provincial Debt	42	64–65
(*a*) GOVERNMENT BALANCES AND SHORT-TERM BORROWING	43–48	65–68
CENTRAL GOVERNMENT:		
Balances	43	65
Treasury Bills	44	66–67
Yield on Treasury Bills	45	67
Ways and Means Advances	46	67
PROVINCIAL GOVERNMENTS:		
Balances and Ways and Means Advances	47	67–68
Treasury Bills	48	68

	Paragraph	Page
(*b*) Long-term Debt and other Borrowing ..	49–55	68–75
Government of India Loans	49	68–71
Repayment of Loans	50	71–72
Composition of Total Rupee and Sterling Debt	51	72
Conversion of Government Promissory Notes into Stock Certificates, and Subsidiary General Ledger Accounts ..	52	72–73
Small Savings	53	73–74
Provincial Loans	54	74–75
Repatriation of Sterling Debt	55	75
VI. CAPITAL MARKETS, MONEY AND BANKING	56–69	76–104
Government Securities Market	56	76–77
Industrial Share Markets Abroad	57	77–79
Industrial Share Markets in India	58	79–82
Control of Capital Issues	59	83–84
Money Rates and Conditions	60	85–86
Banking Trends Abroad	61	86–91
Banking in India During War	62	91–94
Consolidated Position of Scheduled Banks	63	94–96
Clearing House Statistics	64	96–97
Internal Remittances	65	97–98
Encashment of Foreign Circle Notes	66	98
Reserve Bank of India : Banking Department	67	98–99
Reserve Bank of India : Issue Department	68	99–100
Banking Legislation	69	104
VII. CURRENCY	70–88	105–118
A. Circulation and Absorption	70–76	105–113
Circulation and Absorption of Notes	70	105
Absorption of Rupees	71	105–106
Absorption of Small Coin	72	106–107
Total Absorption of Currency	73	107–108
Seasonal Movements of Currency	74	108&110
Note Circulation and Demand Deposits	75	110–111
Total "Money Supply" in India..	76	111–113

	Paragraph	Page
B. Miscellaneous Matters Connected with Currency and Coinage	77–88	113–118
Changes in the form of Notes	77	113
Encashment of Burma Notes	78	113–114
Circulation of Notes by Denominations	79	114
Demonetisation of High Denomination Notes	80	114–115
Old Notes	81	115
Lost, Destroyed and Mutilated Notes	82	116
Note Forgeries	83	116
Coinage	84	116–117
Decimalisation of the Coinage	85	117
Withdrawal of Silver Coin	86	117–118
Withdrawal of Nickel and Copper Coin	87	118
Counterfeit Coin	88	118

TABLES

1.	Quarterly Indices of Average Monthly Note Circulation, Demand Deposits and Wholesale Prices in the Empire Countries and the United States	4	5
2.	Statistics (Quarterly) of Economic and Financial Trends in India	11	14
3.	United States' Exports, Imports and Balance of Trade in Merchandise	15	22
4.	Merchandise Exports from and Imports into Empire Countries and the United States during the war ..	15	25
5.	Direction of India's Sea-borne Trade	17	27
6.	India's Imports and Exports of Certain Commodity Groups	19	29
7.	World Gold Production	22	31
8.	World Silver Production	25	36
9.	Acquisition and Disposal of Sterling	28	41
10.	India's public Revenue, Expenditure and Debt since 1937-38	37	48
11.	Important Heads of Revenue of the Government of India.	36	49
12.	Composition of Defence Expenditure on Capital Account	36	50
13.	Receipts and Disbursements of the Government of India under Capital Heads	36	53
14.	Revenue, Expenditure and Reserves of Indian Railways	38	57
15.	Allocation of Tax Proceeds, Subventions and Grants-in-Aid to Provinces	41	61

		Paragraph	Page
16.	Divisible Pool of Taxes on Income and Distribution Between the Centre and the Provinces..	41	63
17.	Treasury Bill Rates in the Empire Countries	44	67
18.	Rates and Sales of Special Issues During 1945–46 ..	49	70
19.	Outstandings of Rupee Counterparts of Repatriated Sterling Loans	49	70
20.	Subscriptions to Indian Defence Loans including Small Savings	49	71
21.	Amounts of Sterling Debt Repatriated since 1937-38	55	75
22.	Face Value and Market Value of Rupee Securities of the Government of India	56	77
23.	Index Numbers of Market Value of Industrial Shares ..	57	78
24.	Prices of Certain Industrial Shares	58	82
25.	Control of Capital Issues: (A) Consents and Refusals as percentages of applications, (B) percentage distribution in each Group between Immediate and Long-Range..	59	84
26.	Money Rates	60	85
27.	Changes in the Assets of Commercial Banks	61	90
28.	Consolidated Position of Scheduled Banks since the outbreak of War (on the 3rd September 1939) to the cessation of hostilities (on the 2nd September 1945)	62	92
29.	Demand and Time Liabilities and Cash Balances of Non-scheduled Banks as shown by their Monthly Returns as on the last Friday of each Month	62	94
30.	Wartime Changes in certain Items of Assets and Liabilities of the Reserve Bank of India ..	68	100
31.	Wartime Absorption of Small Coin by Denominations..	72	106
32.	Absorption of Small Coin by Circles	72	107
33.	Wartime Absorption of Currency	73	107
34.	Seasonal Demand for Currency	74	108
35.	Changes in Note Circulation and Demand Deposits of Scheduled Banks	75	110
36.	Total Money Supply in India	76	112
37.	General Analysis of Sources of Money Supply	76	113
38.	Mintage of Rupees and Small Coin by Denominations ..	84	117

GRAPHS

1.	Wholesale Prices and Cost of Living	14	20
2.	Price of Gold and Silver	23	33
3.	Methods of Export Finance (on Percentage Basis) ..	33	46

		Paragraph	Page
4.	Wartime Finances of the Government of India ..	37	55
5.	Wartime Railway Finance	39	59
6.	Wartime Finances of the Provinces	40	62
7.	Wartime Growth of Debt of the Government of India ..	42	55
8.	Debt Position of the Provinces since 1938-39	42	62
9.	Indices of Security Prices	58	81
10.	Scheduled Banks' Consolidated Position	63	95
11.	Assets of the Issue Department of the Reserve Bank of India	68	101
12.	Liabilities of the Banking Department of the Reserve Bank of India	68	102
13.	Liabilities and Assets of the Reserve Bank of India (Issue and Banking Departments Combined)	68	103
14.	Absorption of Notes, Rupees and Small Coin	73	108
15.	Absorption of Currency During the War..	73	109

PART II

STATEMENTS

I.	Index Numbers of Wholesale Prices and Cost of Living in India and Certain Other Countries since 1938 (January-June 1939 = 100) ..	13	119
II.	Index Numbers of Wholesale Prices in India by Groups of Articles since 1939-40 (Week Ended 19th August 1939 = 100)	14	120
III.	Balance of Trade in Merchandise of British India, 1945	16	121
IV.	Value of Monetary Stocks of Gold in Certain Countries	22	122
V.	Highest, Lowest and Average (Annual) Prices of Gold and Silver in Bombay and Import Duty on Silver since 1926-27	23	123
VI.	Highest, Lowest and Average (Monthly) Prices of Bar Gold and Sovereigns in Bombay, 1945-46	23	124
VII.	Prices (Weekly) of Gold and Silver and Estimated Stocks in Bombay, 1945-46 ..	23	125
VIII.	Price of Silver in London, New York and Bombay (Monthly), 1945-46	26	126
IX.	Purchases of Sterling by the Reserve Bank of India, 1945-46	28	127

		Paragraph	Page
X.	Budgetary Position of Provinces, 1946-47 ..	40	128–129
XI.	Subventions and Other Payments made by the Centre to the Provinces under the Government of India (Distribution of Revenues) Order as Amended	41	130
XII.	Debt Position of Provinces since 1936-37 ..	42	131
XIII.	Government Balances in India with Reserve Bank of India and at Government Treasuries, 1945-46	43 & 47	131
XIV.	Government of India Treasury Bills (Annual) since 1918-19	44	132
XV.	Government of India Three Months Treasury Bills, 1945-46	44	133
XVI.	Government of India Treasury Bills (Monthly), 1945-46	44 & 45	134
XVII.	Provincial Government Three Months Treasury Bills, 1945-46	48	135
XVIII.	Provincial Government Treasury Bills since 1938-39	48	136
XIX.	Public Debt of India since 1913-14—(A) Rupee Debt, (B) Sterling Debt	51	137–138
XX.	(A) Post Office Cash Certificates, (B) Post Office Defence Savings Certificates, (C) Post Office National Savings Certificates	53	139
XXI.	Post Office (A) Savings Bank, (B) Defence Savings Bank	53	140
XXII.	Principal Items of Small Savings (Monthy), 1945-46	53	141
XXIII.	Representative Rupee Securities of the Government of India : Prices in Bombay, 1945-46..	56	142–143
XXIV.	Prices (Annual) of Representative Rupee Securities of the Government of India since 1933-34	56	144
XXV.	Index Numbers of Prices (Monthly) of Indian Securities (1927-28 = 100)	58	145
XXVI.	Control of Capital Issues..	59	146–147
XXVII.	Money Rates in India since 1935-36	60	148–149
XXVIII.	Scheduled Banks' Consolidated Position in India and Burma since 1935-36	63	150
XXIX.	Scheduled Bank's Consolidated Position in India and Burma since 1935-36—Indices (1938-39 = 100)	63	151
XXX.	Clearing House Statistics (Annual) since 1918-19	64	152

		Paragraph	Page
XXXI.	Number and Amount of Cheques Cleared (Monthly) at Each Centre, 1945-46	64	153
XXXII.	(A) Remittances Through the Reserve Bank of India; Telegraphic Transfers Issued and Paid	65	154
	(B) Remittances through the Imperial Bank of India, 1945-46	65	154
	(C) Remittances Effected between the Reserve Bank of India and the Imperial Bank of India and Treasury Agencies	65	155
XXXIII.	Encashment of Foreign Circle Notes, 1945-46..	66	155
XXXIV.	Reserve Bank of India: Banking Department —Weekly Statement of Assets and Liabilities, 1945-46	67	156–157
XXXV.	Reserve Bank of India: Issue Department— Weekly Statement of Assets and Liabilities, 1945-46	68	158–159
XXXVI.	Reserve Bank of India: Banking Department since 1935-36	67	160
XXXVII.	Reserve Bank of India: Issue Department since 1935-36	68	161
XXXVIII.	Monthly Statistics of Note Circulation in India and Burma since 1940-41	68	162
XXXIX.	Circulation and Absorption of Notes in India and Burma since 1909-10	68	163
XL.	Absorption of Small Coin (Annual) since 1909-10.	70	164
XLI.	Absorption of Currency (Annual) since 1914-15	73	165
XLII.	Monthly Absorption of Currency, 1945-46 ..	73	166
XLIII.	Circulation of Notes by Denominations since 1913-14	79	167
XLIV.	Whole Rupees Coined and Issued from the Indina Mints since 1835	84	168–169
	Appendix		170–171
	Index		172–176

INTRODUCTORY

Post-war International Problems.—After about six years of total war, the year 1945-46 witnessed the return of peace following the unconditional surrender of Japan announced early in August 1945 within about four months of the surrender of Germany. The atomic bomb which hastened the end of the war also stressed the need for a lasting peace. A clearer realisation that political measures, however well-conceived, might in themselves prove inadequate, unless accompanied by appropriate measures of economic reconstruction, helped to focus attention on the supreme need for laying the foundations of a new world order on a sound structure of international economic relations. The indication for this is provided, among others, by the fact that, while the Peace Conference is yet to meet, the monetary and financial agreements, reached at Bretton Woods in July 1944, already stand ratified by countries representing more than the stipulated 65 per cent. of the quotas, and that the International Monetary Fund and the International Bank, designed to promote stability of exchanges, the balanced growth of international trade and the even flow of long-term capital for the reconstruction and development of economic life in member countries, have passed the stage of formal inauguration.

Foremost among events of financial and economic significance which followed the termination of hostilities, mention must be made of the sudden cessation of the giant programme of lend-lease which, ever since March 1941, had provided an important means through which the enormous material resources of the United States were brought to bear against the enemy to speed up victory. Negotiations started by the United States with the countries concerned (Britain, France, Russia, China, Belgium and the Netherlands) for the final settlement of lend-lease and reverse lend-lease accounts and for offering help in solving the difficulties facing the maintenance of equilibrium in their balance of payments position resulted in some cases in agreements for the grant of direct long-term inter-governmental loans. The Anglo-American Financial Agreement entered into in December 1945 and ratified by the American Senate on the 10th May 1946 (ratification by the House of Representatives being still awaited) may be said to be the first big step towards the revival of multilateral trade. The agreement stipulates the grant by the United States of a loan to the United Kingdom of $4.4 billion (of which $650 million was to be applied to the liquidation of lend-lease), and repayment in 50 equal instalments beginning with 1951 and carrying 2 per cent. interest. The purpose of the loan as stated in the White Paper issued on the 6th December 1945, was to facilitate purchases by the United Kingdom of goods and services in the United States, to assist the United Kingdom to meet transitional post-war deficits in her current balance of payments, to help maintain adequate reserves of gold and dollars and generally to enable her to assume the obligations of multilateral clearing. As regards accumulated sterling balances, Britain was to seek an early settlement with the countries concerned; it was also agreed that one year after the ratification of the loan by both the countries, any sterling balances released will be freely available for current transactions in any currency area without discrimination. Following in the footsteps of the Anglo-American Loan Agreement and designed for identical purposes is the Anglo-Canadian Loan Agreement which provides

for the grant of a loan of $1.25 billion to the United Kingdom carrying 2 per cent. interest and repayable in 50 equal instalments beginning with the year 1951. Canada also entered into agreements of a similar nature for the grant of loans of the amounts of $25 million, $60 million and $100 million respectively to Belgium, China and Holland for the purchase of Canadian goods, while the United States Export-Import Bank, established in 1934, granted credits for purposes of rehabilitation to France, Belgium, Denmark, Norway, the Netherlands, Saudi Arabia, Turkey and some of the Latin American countries, the total loans authorised during the six months ended December 1945 amounting to $1,560 millions.

"By far the most serious economic problem, bequeathed by the war, and continuing to engage the attention of the United Nations during the year was the deterioration in the world food situation rendered acute by a series of droughts during 1944-45 which reduced the harvests in Australia, Argentina and North Africa. A British White Paper issued in February 1946, giving statistics of the world grain position, showed that the production of wheat in Europe had dropped from 42 million tons, the average of 1934-38, to 23 million tons in 1945. According to a statement prepared by the Combined Food Board, supplies of the principal foods for 1946, namely, wheat, sugar, oil, fats, meat and rice are estimated to fall short of the pre-war level by 10 per cent. In order to meet shortages and avert the spectre of famine, most of the important countries have already addressed themselves to the task of saving food and securing adequate collection of crops and production of grains in the next few months. The UNRRA has recommended food rationing for adoption by all the members of the United Nations. The United Kingdom effected in May 1945, cuts in rations of fats, milk and meat, while the United States prohibited from February 1946 the use of wheat in the production of alcohol and published a nine-point plan, designed to enable the country to send 6 million tons of wheat to Europe by the end of June 1946. Canada has been exporting wheat (including flour) since the spring of 1944 at an average rate of 1 million bushels per working day, the total exports for the three crop years ending July 1946 being estimated at over 1,000 million bushels including all their wartime reserve of 600 million. Australia has decided to export her entire rice production to other countries which may be in need. The Food Board continued to function, while a new agency named the United Nations Food and Agricultural Organisation was created in October 1945 by representatives of 30 nations. An international conference of the United Nations' Food Ministers with representatives of the UNRRA and of the Central Food Board is to be called on the 30th May 1946, with a view to concerting effective measures of distribution of supplies for 1946-47 and 1947-48 and to create machinery whereby the world's food position could be brought under continued review. The urgent need for food, raw materials, capital equipment and other essential commodities of the war-torn countries of Europe, as well as other parts of the world not ravaged by war but with large volumes of pent-up demand, also constitutes a major problem, in the solution of which the rôle of the United States is of decisive importance, alike in view of her immense resources and of the fact of her being the one great country with her industries undamaged by war and her internal transportation system in good working condition.

2. *International Conferences.*—As during last year, a number of international conferences were held during 1945-46 also, India being represented at most of them.

The San Francisco Conference, which concluded its deliberations on the 26th June 1945, adopted the Charter of the United Nations, having for its main purpose the achievement of " international co-operation in solving international problems

of an economic, social, cultural or humanitarian character and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language or religion." The Charter constituted four overall instruments of international action, namely, the Security Council (an enforcement agency), the General Assembly (a forum for discussion), the Economic and Social Council and the International Court of Justice. The enforcement of peace is entrusted to the Security Council which is empowered to call, in the event of aggression, for military assistance from all members in the shape of forces, right of passage, or bases. The General Assembly's first meeting, held in London on the 10th January 1946, was attended by delegates of 51 nations. The Conference also decided to create a Preparatory Commission of the United Nations for examining, among other things, the problems involved in the establishment of relationships between specialised inter-governmental organizations and agencies and the new Organization. The Potsdam Conference held in July 1945, besides reaching agreement on the general policy to be pursued towards Germany so as to render that country completely harmless politically and economically, also created a Council of Foreign Ministers representing the five principal powers, *viz.* the United States, U.S.S.R., Britain, France and China to continue the preparatory work for the peace settlement. The twenty-seventh conference of the International Labour Organization met at Paris in the second week of October 1945 and concerned itself mainly with the amendment of the Constitution of the I.L.O. so as to sever its relations with the old League of Nations and outlined the part to be played by the I.L.O. within the framework of the United Nations Organization. As regards reparations, the Potsdam Conference had decided for their allocation on a geographical basis. The U.S.S.R.'s claims were to be met from the zone which it occupied and partly from German external assets and capital equipment. The other countries entitled to reparations were to obtain their share from the western zones and from such German assets as were not reserved for the U.S.S.R. The Conference on Reparations opened in Paris on the 9th November 1945, and the document ratifying the decisions in regard to allocations was signed on the 14th January 1946 by the representatives of the United States, the United Kingdom, France, Belgium, Holland, Luxembourg and Yugoslavia. India is to have as her share 2 per cent. of the total reparations and 2·9 per cent. in respect of capital equipment. Other important conferences held during the year were (*i*) the Maritime Technical Conference at Copenhagen (November 15), (*ii*) the International Educational Conference in London (November 16) which created the United Nations Educational Scientific and Cultural Organization, and (*iii*) the International Transport Conference (February 1946).

The year under review witnessed the establishment of the International Monetary Fund and the International Bank for Reconstruction and Development as, in terms of the Final Act, countries representing more than 65 per cent. of the total of the quotas had signed the Bretton Woods Agreement before the 31st December 1945. In order to secure for India the advantages of original membership of the Fund and of the Bank, the Legislative Assembly having been dissolved earlier, the Government of India promulgated an Ordinance on the 24th December 1945, providing themselves with necessary powers for signing the Agreement. The agreement was signed on behalf of India by the Agent General for India in Washington on the 27th December 1945. The inaugural meeting of the Boards of Governors of the Fund and of the Bank was held at Savannah (Georgia) from the 8th to the 18th March 1946. India was represented on both the Boards by Sir Chintaman D. Deshmukh, C.I.E., the Governor of the Reserve Bank of India. The repre-

sentative of America, Mr. Fred Vinson, was unanimously elected Chairman of the Boards of Governors of both the Fund and the Bank, and the nominee of the United Kingdom (the late Lord Keynes now succeeded by Dr. Dalton) was assigned the two Deputy Chairmanships. The Head Offices of these institutions will be located in Washington. Their bye-laws have been adopted and the date for admission of those signatories of the Bretton Woods Agreement who have not yet joined as original members has been extended from the end of 1945 to the end of 1946. The first annual meeting of the full Board of Governors will be held sometime in September 1946 but until then, to facilitate business, a Procedure Committee of twelve Governors with Mr. Vinson as Chairman was appointed. In addition, the inaugural meeting proceeded with the work of electing Executive Directors of the Fund and the Bank. In terms of the Final Act, in addition to the five Executive Directors appointed by nomination by the Big Five, seven Executive Directors from amongst the members have been elected. The Executive Directors of the Fund in addition to those of the Big Five—United States of America, the United Kingdom, France, China and India,—will be the representatives of Canada, Egypt, Belgium, the Netherlands, Czechoslovakia, Mexico and Brazil; those of the Bank, will be the representatives of Canada, Belgium, the Netherlands, Poland, Greece, Chile and Cuba. India will be represented on the Fund by Mr. J. V. Joshi, O.B.E., Economic Adviser to the Reserve Bank of India and on the Bank, by Mr. N. Sundaresan, O.B.E., Joint Secretary, Finance Department of the Government of India.

A British White Paper issued in December 1945 outlined the American proposals for an International Trade Conference on Trade and Employment to be convened for the purpose of setting up an International Trade Organization of the United Nations, the members of which would undertake to conduct their international commercial policies in accordance with agreed principles to be set forth in the articles of the Organization.

3. *Problems in Transition.*—Internally, the major problems facing individual nations were those of a transition economy of demobilization, resettlement, disposal of surplus war materials, reconversion of industry to civilian production, relaxation of controls, and stabilization of the cost, price and wage structures. Between the surrender of Germany in May and that of Japan in August, although a partial transition was effected, demobilization and reconversion were speeded up after August, the progress, however, being different in each case. Reconversion to peacetime production has been almost completed in the United States during the first quarter of 1946 when the rate of civilian production reached its highest level, while in the United Kingdom it had only been just started at this time.

A measure of relaxation of war-time controls was generally brought about, though price controls continued to be retained in most countries as a check against inflationary forces. Relief through substantial reductions in taxation was granted to industry and individuals. Full employment and a higher standard of living have generally been recognised as objectives of economic policy and reconstruction. Development and social security plans have been worked out generally and, in some cases, as in the United Kingdom, these have even reached the stage of being translated into concrete action.

4. *Money Circulation and Wholesale Prices.*—The table on page 5 gives comparative indices of note circulation, sight deposits of commercial banks and wholesale prices for the United States, certain Empire countries and India.

TABLE 1.—QUARTERLY INDICES OF AVERAGE MONTHLY NOTE CIRCULATION, DEMAND DEPOSITS AND WHOLESALE PRICES IN THE EMPIRE COUNTRIES AND THE UNITED STATES.

(*July* 1939 = 100)

		1939	1940	1941	1942	1943	1944				1945				1946
		III		Annual Average			I	II	III	IV	I	II	III	IV	I
INDIA	*N*	*102*	*132*	*152*	*258*	*416*	*505*	*530*	*542*	*567*	*613*	*652*	*664*	*686*	*705*
	D	*101*	*113*	*144*	*207*	*319*	*390*	*415*	*441*	*461*	*462*	*468*	*483*	*509*	*532*
	P	105	120	139	185	307	299	296	299	299	301	292	281	280	295
UNITED KINGDOM	*N*	*103*	*113*	*128*	*159*	*190*	*212*	*221*	*224*	*234*	*240*	*247*	*258*	*263*	*260*
	D	*101*	*120*	*152*	*173*	*198*	*212*	*218*	*224*	*238*	*237*	*247*	*261*	*263*	*261*
	P	102	139	155	162	166	168	169	170	170	171	172	174	173	175
CANADA	*N*	*110*	*163*	*240*	*337*	*456*	*517*	*540*	*567*	*600*	*609*	*625*	*646*	*664*	*644*
	D	*104*	*126*	*157*	*193*	*233*	*255*	*266*	*273*	*279*	*269*	*277*	*291*	*308*	..
	P	103	114	124	132	138	142	141	140	140	142	142	142	142	..
SOUTH AFRICA ..	*N*	*103*	*114*	*134*	*173*	*231*	*257*	*272*	*280*	*292*	*299*	*315*	*338*	*345*	*342*
	D	*99*	*117*	*150*	*189*	*242*	*259*	*270*	*281*	*293*	*300*	*309*	*326*	*348*	..
	P	98	114	124	140	153	158*	158	157	158‡	159	160	162	161	..
AUSTRALIA	*N*	*102*	*122*	*145*	*213*	*295*	*351*	*385*	*407*	*414*	*405*	*389*	..	..	..
	D	*100*	*122*	*139*	*172*	*223*	*265*	*274*	*269*	*288*	*310*	*312*	*301*	*318*	..
	P†	97	110	117	131	137	137	138	140	130	139	140	140	140‡	..
UNITED STATES ..	*N*	*102*	*116*	*151*	*218*	*316*	*382*	*408*	*434*	*469*	*486*	*503*	*524*	*538*	*531*
	D	*103*	*118*	*137*	*152*	*185*	*189*	*198*	*199*	*212*	*211*	*221*	*218*	*221*	*217‡*
	P	102	104	116	131	137	137	138	138	139	140	141	141	143‡	..

N—Note Circulation. D—Demand Deposits. P—Wholesale Prices.

‡ (Provisional) for two months only. * For one month only. † January—June 1939 = 100.

The rate of increase since the beginning of the war in note circulation resulting from heavy governmental disbursements touched its peak in 1942-43 ; but in subsequent years it tended to slow down, due mainly to a smaller rate of expansion in war expenditure and this became more pronounced after the termination of the war. Note circulation in the United Kingdom recorded an increase of only 11 per cent. in 1945 as against 14 per cent. in 1944 and 18 per cent. in 1943, the corresponding percentages in the United States being 13, 28, and 38 respectively. In India, conditions followed the general trend, the rate of expansion in 1945-46 being 12 per cent. as against 23 per cent. in 1944-45 and 37 per cent. in 1943-44. A similar trend was noticed in the case of bank deposits in the United Kingdom, the rate of increase being lower at 6·7 per cent. in 1945 as compared with 12·7 per cent. in 1944 ; in the U.S.A., however, the rate of expansion in deposits rose slightly from 14·0 per cent. in 1944 to 15·8 per cent. in 1945. Owing to the gradual reduction in the pressure of monetary inflation and the continuance of price controls in the majority of countries, prices during 1945 came to be determined increasingly by the availability of consumer goods. The measures of price control were particularly successful in Canada, the United States and Australia where the indices of wholesale prices remained virtually unchanged at or only slightly above the levels recorded in the previous year, stabilization policies in most of these countries being governed by the requirements of full production. In India also, the Economic Adviser's General index of wholesale prices for 1945-46 (average) showed little variation from the average level for 1944-45.

5. *United States.*—As a first step in the transition to a peace economy, the United States started to decontrol extensively. Of the 650 orders and schedules in force on the 1st April 1945, 175 had been removed by the 2nd June ; and, following the Japanese surrender in August, all man-power controls, including that effecting the standard work week of 48 hours, were abolished. While as many as 210 production and commodity controls were eliminated, the open-ending of the Controlled Materials Plan meant the release of essential materials including steel, copper and aluminium for civilian production. Between March 1945—the last month of full production for a two-front war—and VJ-Day (2nd September 1945), the output of war goods had fallen by about 20 per cent. while civilian production rose by 10 per cent. After the surrender of Japan, more civilian orders on the register were substituted for war orders and by October the advances in civilian output had begun to offset the decline in war production. Production of civilian goods and services in the first quarter of 1946 was estimated at an annual rate of $154,000 million, which records the highest annual rate ever reached by the nation, either in war or peace. Total sales of retail stores also reached an annual rate of $90,000 million, representing an increase of 20 per cent. over the sales in the corresponding quarter of last year. Thus by the end of the year under review, reconversion was virtually completed, despite a wave of industrial disputes affecting a number of important manufacturing industries.

The relative price stability maintained during the present war (*vide* table on page 7) is in striking contrast with the wide fluctuations witnessed during the last war. Between July 1914 and November 1918, the wholesale price level more than doubled, while it advanced during the present war (up to June 1945) only by 41 per cent. Similar trends may also be noted in regard to the indices of cost of living, the rise in which during the present war (up to June 1945) is only 29 per cent. as against 64 per cent. during the last war. The increase in these indices

during the two years ended June 1945, when the President's ' Hold the Line ' order was in operation, amounted to less than 2 per cent.

	1938	1939	1940	1941	1942	1943	1944	1945
Money in circulation (million dollars) (End of year) ..	6,856	7,598	8,732	11,160	15,410	20,449	25,307	28,515
Gold Stock (million dollars) (End of year)	14,512	17,644	21,995	22,737	22,726	21,938	20,619	20,065
Demand Deposits (million dollars) (End of year) ..	25,986	29,793	34,945	38,992	48,922	60,803	66,930	75,100*
Time Deposits (million dollars) (End of year)	26,305	27,059	27,738	27,729	28,431	32,748	39,790	48,500*
Stock Prices (1935-39=100) ..	88·2	94·2	88·1	80·0	69·4	91·9	99·8	121·5
Income Payments (1935-39 = 100)	98·5	105·4	113·5	138·0	174·6	213·0	233.4	239·1*
Industrial Production—Total (1935-39=100)	89	109	125	162	199	239	235	203
Department Store Sales (1935-39 = 100)	99	106	114	133	150	168	186	207
Factory Pay Rolls (1939=100)	84·2	100·0	114·5	167·5	245·2	334·4	339·1	277·3*
Factory Employment (1939 = 100)	90·0	100·0	107·5	132·1	154·0	177·7	169·1	143·4*
Cost of Living (1935-39 =100)	100·8	99·4	100·2	105·2	116·5	123·6	125·5	128·4
Wholesale Prices All Commodities (1926=100)	78·6	77·1	78·6	87·3	98·8	103·1	104·0	105·8
Wholesale Prices of Farm Products (1926=100) ..	68·5	65·3	67·7	82·4	105·9	122·6	123·3	128·2

* Preliminary.

Agricultural output, reached during the war, was on the whole well maintained, though the cotton crop during 1945 amounted only to about 9 million bales, representing a decrease of some 3 million bales over the previous year's figures; but the production of other leading grains was larger and at the end of 1945, sugar was the only food remaining on the ration.

6. *United Kingdom.*—A major factor influencing the British post-war policy was the advent to power on the eve of the Japanese surrender of Britain's first Socialist Government with a working majority. The United Kingdom experienced the first impact of this change in October 1945, when the Bank of England Nationalisation Bill was introduced for the purpose of giving the Government a firm grip over the financial mechanism. This was followed by a bill for the nationalisation of the coal industry and of the ' cable and wireless ', and by the announcement, shortly after the financial year, of Government's decision to bring about a large measure of public ownership in the iron and steel industry. It has also been declared that it is intended to extend public ownership to railways, canals, long distance road haulage services, and electricity and gas supply companies within the life of the present parliament.

Reconversion in United Kingdom proceeded side by side with nationalisation. A host of difficult labour, machine and financial problems had arisen in the process of the change-over, the most intractable of these being the shortage of labour, particularly in iron foundries and cotton spinning. Almost every industry complained of lack of skilled and unskilled workers, which difficulty accounted mainly for the comparatively slow progress of reconversion. The labour situation, however, improved considerably towards the turn of the year as a result of Government's decision to accelerate demobilisation. From the 18th June 1945 to the 31st December 1945, over 1½ million men and women were demobilised from the three Services, more than half of this number being released in the last quarter of 1945. The drive for greater

production was also jeopardised by shortage of materials in the case of some industries as in the boot and shoe industry. Coal production showed a continued decline, the output of coal in 1945 averaging 3·5 million tons a week compared with 3·7 million tons in 1944 and 4·4 million in 1938. No less urgent was the problem of rebuilding and modernisation of the greater part of the nation's industrial equipment, particularly in the coal and textile industries whose products had accounted for more than one-fourth of the value of pre-war exports and in which costs of production were reported to have become higher than in the United States.

Two other important problems faced the country—that of financing imports while exports were being restored to normal levels; and secondly, the more basic one of off-setting in the balance of payments the loss of income from overseas investments and that from the servicing of external debts. According to a White Paper, issued in November 1945, estimating United Kingdom's probable deficit on her balance of payments account, the likely adverse balance is placed at £750 million in 1946 and £500 million in each of the years 1947 and 1948. During the war, investments of the value of £1,118 million were sold, while external liabilities rose from £760 million to £3,355 million. The White Paper states that the restoration of equilibrium would require a volume of direct exports nearer 75 than 50 per cent. in excess of the pre-war level. The value of British exports during the war had declined from £532 million to £330 million. While the Anglo-American Loan Agreement (*vide* para 1) is intended to tide over the deficits during the transition, other measures have also been taken with a view to achieving the export target of a 75 per cent. increase over the pre-war volume. The success of the export policy may be judged from the fact that the average volume of monthly exports, which during 1945 was only 45 per cent. of its 1938 level, rose to an average of 50 per cent. during November and December 1945 and to 75 per cent. in January this year. Statistics for March 1946 reveal that the upward movement is continuing; the index of the volume of exports (1938=100) rose from 53 for October-December 1945 to 81 for January-March 1946. Despite this improvement, the volume was still 19 per cent. below the pre-war level and more than half the distance from the required target of 175.

The table below gives various indices relating to the main features of United Kingdom's war-time economy.

	1938	1939	1940	1941	1942	1943	1944	1945
Wholesale prices (August 1939=100) (average of months)	103·4	104·8	139·2	155·6	162·4	165·9	169·3	172·2
Cost of living (September 1, 1939=100) (average of months)	101	102	119	128	129	128	130	131
Note circulation (£ million) (average of Wednesdays) ..	485·6	507·3	574·7	652·2	808·3	966·3	1,135·7	1,284·2
Bank deposits (£ million) (average of months) ..	1,244	1,252	1,487	1,885	2,148	2,455	2,765	3,127
Clearings (average of working days) (£ million)	133·1	124·3	133·6	144·4	163·3	189·8	207·8	223·6
Retail sales (average daily sales) (1942=100) ..	95	98	101	98	100	98	105	100*
Weekly wages rates (September 1, 1939=100)	..	..	111·5	121·5	130·0	135·5	142·5	149·0
Unemployment (succeeding January figures) (thousands)	2,133·8	1,602·6	764·3	195·1	121·0	96·3	122·2	131·0†
Capital flotations (thousands of £)	118,098	66,294	4,096	2,326	3,907	8,583	7,576	20,467

* Average for January 1945 to October 1945. † July 1945.

A report on the impact of war on civilian consumption in the United Kingdom, the United States and Canada, submitted to the Combined Production and Resources Board by a special combined committee on non-food consumption levels, showed that consumption purchases during the war decreased by nearly 20 per cent. in the United Kingdom, but actually recorded an increase in the United States and Canada. Price control was maintained during 1945 for the major foods, and the index number of retail food prices, calculated by the Ministry of Labour, indicated little change, apart from seasonal variations. The total cost of food subsidies was estimated to have amounted at the time of the cessation of the lend-lease to £308 million annually, of which bread, flour and oatmeal accounted for £64.9 million. On the 15th November the Government announced a plan for permanent public control of agriculture, the proposals outlined including guaranteed prices and assured markets for agricultural products and Government-directed crop planning, and general assurance for attaching increased importance to rural industry in the economic structure of the nation.

7. *Other Empire Countries.*—In the Dominions, located outside the zone of active conflict, the process of reconversion was comparatively smooth, these countries being able to eliminate most of their wartime restrictions by the end of 1944, although generally continuing their price controls.

The total cost of the war to Canada amounted to $18.2 billion about half of which was met through borrowing. The value of supplies made available by the country to the Allies under Mutual Aid during the war amounted to $1,716 million, the United Kingdom alone accounting for $1,442 million. The main events in the reconversion of the Canadian industries parallel those of the United States. The budget for 1945-46 had revised taxation to facilitate necessary economic adjustments. Steps taken, even before the Japanese surrender, included the relaxation of the restrictions on workers who desired to leave Canada and find employment elsewhere, and the removal of restrictions, imposed since 1942, on the production of gold and other minerals. In October, the Government abolished the war exchange tax on imports from non-Empire countries. The Minister of Reconstruction announced early in February 1946 the Government's decision to set up a new body named the Canadian Arsenals Ltd., comparable to a fourth service of the armed forces to facilitate speedy mobilisation of the country's industrial capacity. The rapid rate of demobilisation resulted in a serious housing shortage for meeting which the National Housing Act of 1944 was amended so as to permit the large-scale entry of insurance companies into low cost housing finance. Also, commercial construction and public works projects were deferred in order to give priority to private buildings. With the termination of shipments under Mutual Aid, the Canadian counterpart of lend-lease also terminated. As a measure of assistance to liberated and other countries, a series of loan agreements were concluded with Belgium, Netherlands, Norway, Czechoslovakia and more recently with the United Kingdom. Additional support for foreign trade is promised by the starting in September 1945 of the Export Credit Insurance Corporation provided for under the Export Credit Insurance Act of 1944.

In Australia, the problems of reconversion and reconstruction received early attention. A White Paper issued in May 1945 on full employment emphasised the stability of capital expenditure as the key to the stability of production and employment. It was also stated that the Government's plan was to so design the public expenditure as to ensure full employment and provide at the same time for social

betterment through a wide range of non-contributory social services. Under the housing scheme, about 40,000 houses were to be built every year. A number of restrictions imposed under the National Security Regulations were rescinded at the end of the war, and plans were made for the transfer from the fighting forces to industry of about 64,000 men between July and December 1945. By January 1946, controls over as many as 650 commodities had been lifted. A notable feature of the country's war-time economy was the comparative success achieved in holding the cost of living which, between September 1939 and March 1943, recorded a rise of only 22.6 per cent. In June 1943, the cost of living index rose to its highest point but the upward swing was checked by the payment of subsidies to potatoes and tea and by a reduction in the sales tax on clothing from 12½ per cent. to 7½ per cent. The index for December 1945 remained virtually unchanged at the April 1944 level of about 123. The Government's price stabilisation scheme which had thus operated efficiently since April 1943 appeared to be threatened towards the close of the year under review by the insistent demand by Trade Unions for a shorter week and an increased basic wage. Trade disputes were rife during 1945-46, affecting mainly the coal, steel and electricity industries. The Commonwealth Bank Act of 1945 provided for the establishment of an Industrial Finance Department of the Bank to provide finance for the establishment and development of both large and small industrial undertakings. The Department of Reconstruction has prepared a plan for the establishment of a Commonwealth Government Corporation with a capital of £ A. 1 million to foster export trade; the capital is to be subscribed partly by the Government and partly by the public.

During 1945 the wholesale price index in South Africa (Base 1910=1000) rose by only a little over one per cent. as against 4 per cent. in 1944 and 9 per cent. in 1943; the index number stood at 1,789 in December 1945 as against 1,192 in November 1939. The Union Government have recognised full employment as the primary objective of economic policy. The progress of reconversion during the year was on the whole smooth, although it was retarded by shortages of labour and materials. As the estimated wheat yield this season falls short of the country's requirements, with a view to encouraging higher production, the Government have decided to introduce an expanded seed-wheat loan scheme under which wheat growers in specified areas with poor harvests will be able to obtain a maximum of 20 bags each, of seed-wheat and fertilisers. Government also have under consideration a scheme to spend £10 million on importation of cereals during 1946-47.

8. *Middle Eastern Countries.*—The war brought about numerous changes in the patterns of the Middle Eastern economies. These countries constituted the main base for supplies to Russia and the Allied forces in Africa up to the end of 1943 when the war on the African theatre came to an end. A sharp increase in money incomes, following heavy military disbursements by Allied Nations, and a steep decline in imports imposed a heavy strain on their comparatively backward economies. The cessation of hostilities by the end of 1943 brought about a measure of relief generally. In a majority of these countries, the latest available economic and financial indices show that conditions were far from ' normal '. Sudan and Palestine appeared to have achieved a degree of stabilisation, mainly through special anti-inflationary measures. Sudan, for example, showed the smallest increase in cost of living, the rise as in June 1945 over the pre-war level being only about 60 per cent., due mainly to the adoption of State trading, the bulk of the benefits on the sale of produce accruing to a Central Agency which used the resources *inter*

alia to subsidise the price of imported goods. In Palestine, there was a clear evidence of a slowing down in the cost of living since the middle of 1943, the index in November 1945 as compared with the pre-war level being higher by about 150 per cent. only. Since 1942, an increasingly heavy subsidization programme has been pursued in Palestine to check the rise in wholesale prices as well as to minimise the effects of high import prices on retail prices. The subsidy programme has played a relatively greater part in the war-time economy of Palestine than even in Britain, subsidy expenditure during each of the two years 1943-44 and 1944-45 in the former being over 30 per cent. of total revenue as against only about 10 per cent., in Britain in 1943-44. Increase in taxation, and issue of premium bonds were two of the other principal methods adopted by Palestine for combating the effects of excessive increase in circulating media. In Egypt also, there appeared to be evidence of a slowing down of inflation, attributable mainly to increased opportunities to import, following the payment agreement entered into with Britain early in 1945. Egypt has drawn up a five-year plan; the Ministerial Committee, appointed in June 1945 to examine the plan, estimated the total cost of the plan at £E115 million and recommended the adoption of certain schemes costing £E46 million; these include electrification, extension of facilities for road and rail transport, public health and industrial development. In Iraq, where inflationary tendencies were noticed in a more pronounced degree, the rise in the cost of living was sought to be held in check by the twin expedients of gold sales and issue of loans.

The heavy military expenditure incurred in the Middle East increased substantially the sterling balances of some of the Middle Eastern countries, the amounts thus accumulated as at the end of 1944 on account of Egypt and Iraq being estimated at £300 million and £55 million respectively. In the absence of free convertibility into hard currencies with which to finance increased purchases of civilian goods, special agreements were entered into by Britain with Egypt and Iraq, the essential feature of which was the fixation for the calendar year 1945 of a maximum of allocations of scarce currencies for the payment of imports, the targets thus fixed being £E10 million for Egypt and £3·50 million for Iraq. These agreements have since been extended to cover a further year, the targets fixed being £E14·35 million and £3·13 million.

9. *Union of Soviet Socialist Republics.*—The year under review witnessed a switchover to peace-time production and a rapid recuperation from war ravages. The demobilisation of the older classes of the Red Army started soon after the VE-Day, and reconversion programmes for individual industries have also been announced. New plants built during the war are being converted to civilian production, *e.g.*, the war factories are now turning out equipment for the oil industry and refrigerators for private use. Textile mills are being restored; new cotton mills are also being constructed mainly in Central Asia. Some of the largest automobile plants are to switch-over from the production of tanks to civilian cars and trucks. Industrial plants are turning out civilian goods under incentive plans, and expanding supplies have resulted in a sharp drop in prices in the 'open' markets (where prices are not fixed). The food situation is steadily improving as a result of the rehabilitation of vast crop areas. This year's harvest is estimated to be well over the 1940 figure of 38·3 million tons. The withdrawal of rationing of bread, flour and cereals this year and the abolition of

rationing of all goods next year is contemplated. The area under cotton was increased by 50,000 hectares over last year, under sugar beet by 120,000 hectares and under vegetables by 200,000 hectares. To alleviate food shortage, the Soviet Government have agreed to provide France with 4 million quintals of wheat and 1 million quintals of barley; relief on a smaller scale was also promised to Poland and other areas in Eastern Europe.

Early in April 1946, Russia announced her Fourth Five Year Plan covering the years 1946-50 and embracing almost every aspect of reconstruction of the economy including the transition from war to peace-time production. The plan envisages an increase in wages of 150 per cent. over the pre-war standards by the end of 1950, and a rise in employment by 1,250,000 a year. Figures of annual food supplies to be achieved by 1950 include 1,300,000 tons of meat products, a total grain harvest of 127,000,000 tons or increase of 7 per cent. over the 1940 level, 2,400,000 tons of sugar, 26,000,000 tons of sugar beet, and 275,000 tons of animal fat. The plan envisages a gigantic programme of house-building as one of the important means of raising the standard of living; recognises, as in earlier plans, the priority of heavy industries including coal, electric power and metallurgical industries on the ground that a prosperous economy and high living standards can more quickly be achieved after the means of production and exploitation of resources have been fully provided for. The plan also provides for the relaying of 45,000 miles of rail-track, construction of new long-distance lines, large quantities of new rolling stock, and extension of civil air line traffic and merchant shipping fleet. Electrification of the countryside, maximum mechanisation of agriculture and sharp increase in field crop production and livestock is also aimed at. The total capacity of electric power stations is to be doubled, while new projects include a mighty power station 25 times more powerful than Europe's biggest Dnieper power station. To finance the new plan, a state loan of 20 billion roubles was issued in May 1946, and the reparations received from Europe are also being used.

10. *Burma.*—The South East Asia Command had assumed charge of the liberated areas in Burma early in 1945. As a first step in rehabilitation of the war-shattered economy of Burma, the Military Administration issued on the 1st May 1945 a Proclamation defining the legal status of the various currencies in circulation in Burma. Measures were also taken to arrange for a fair distribution of relief supplies in order to alleviate the hardships arising out of the repudiation of the Japanese currency. Other steps taken to resume normal life in the re-occupied areas included the restoration of adequate transport facilities and the rehabilitation of agriculture. These measures prepared the way for the restoration of civil administration in Burma, and the responsibility for the administration of Burma, except in the district of Tenasserim where unsettled conditions continued to prevail, passed to the civil government on the 16th October 1945, the eventual transfer of the administration of the whole country being effected on the 1st January 1946. According to available reports, the country's productive capacity had suffered greatly under the stress of enemy occupation. The oil fields were unlikely to work at pre-war levels until the question of compensation for "denials" made in 1942 is decided by His Majesty's Government. Burma's rubber industry was also greatly damaged over large areas. In Lower Burma, less than fifty per cent. of the rice fields was under cultivation, although in the Mandalay and Shwebo districts (in Upper Burma), more than eighty per cent. of the land has been cropped. Apart from shortage of

implements, the main handicaps were the disturbed state of the country and the shortage of cattle for ploughing. The rice crop has been only about half the pre-war level, leaving only a small surplus over the country's requirements. The level of prices in Rangoon and throughout the country continued to be very high, ranging between 10 to 15 times the pre-war level, mainly owing to paucity of consumer goods like cloth, toilet requirements, etc. Resumption of normal trade was rendered difficult by lack of shipping. Rationing has been introduced in certain parts of the country, and Government retail shops have been opened; the prices of pulses, salt and oil have also been controlled. Banking facilities and postal communications with India were restored by the end of 1945. Economic rehabilitation has been the principal task demanding the urgent attention of the Government. In order to enable the Government of Burma to meet the heavy expenditure for rehabilitation as also the day-to-day needs of administration, the British Government have undertaken to provide finance to the extent of £80 million for the years 1945-46 and 1946-47, free of interest. Supply missions are also operating in London and India for procuring capital goods on Government Account. An Agricultural Projects Board has been set up for rehabilitating the agricultural economy and in particular for promoting agricultural production and its efficient marketing. The Board is expected to stimulate the production of paddy by the offer of guaranteed minimum prices. It will also control the export of rice abroad and its sale to deficit areas in the country. It was also decided to give a subsidy of Rs. 1,200 for every 100 acres of fallow land brought under cultivation to help the cultivator to cover the extra cost of reclaiming land and give extensive agricultural loans to cultivators for the next season and also to provide them with necessaries such as agricultural implements, cloth, food, etc., at cost price. While the Government of Burma recognise the right of Indian refugees to return to Burma, negotiations for their repatriation are still in progress, the main difficulty being lack of transport. A draft agreement about the status of Indians in Burma is at present under consideration of the two Governments.

11. *India.*—The end of the war in August 1945 did not bring about the end of the strain on the country's economy. India's industrial equipment was overworked to almost breaking point, and her plans for reconstruction were delayed owing mainly to her inability to import the necessary capital goods. The diversion of large fractions of the country's productive capacity to purposes of war production had resulted in enormous shortages of consumer goods, particularly textiles and foodgrains, the situation being further aggravated by reduced imports. These factors coupled with the enormous increase in the country's purchasing power accounted for the continued existence of pockets of inflation which required to be closely watched and controlled. Government's policy, therefore, was directed, mainly towards ensuring the flow into the public fisc of such surplus funds in the hands of the public as were not being applied to new productive enterprises. The small savings scheme was re-orientated with the primary object of encouraging consistent savings among the less well-to-do. The withdrawal of excess purchasing power through the issue of loans as well as through taxation also aimed at mitigating the pressure of idle funds on prices and, at the same time, building up reserves for development purposes. The decrease in the expenditure recoverable from His Majesty's Government from Rs.411 crores in 1944-45 to Rs.347 crores in the revised estimates for 1945-46 reflected partly the success of the Hydari Mission's effort to secure a reduction of the demands for war purposes on India's productive capacity.

TABLE 2.—STATISTICS (QUARTERLY) OF ECONOMIC AND FINANCIAL TRENDS IN INDIA.

		1939-40	1943-44				1944-45				1945-46			
	I. PRICE INDICES (Quarter-end figures)	II	I	II	III	IV	I	II	III	IV	I	II	III	IV
1.	All primary commodities	111·9	238·8	237·5	232·2	231·8	240·1	233·5	247·8	246·3	240·3	243·8	251·6*	257·4
2.	Manufactured articles	116·5	263·5	252·3	251·6	259·8	260·1	258·1	257·8	252·8	244·7	243·1	235·2	242·8
3.	General Index	112·9	244·0	240·6	236·3	237·6	244·3	242·6	250·0	248·1	241·3	243·6	247·9*	254·2
4.	Bombay cost of living	106	235	245	247	223	236	239	236	225	235	240	242	247
5.	Exports	61	129	132	126	123	145	131	132	136	134	129	..	..
6.	Imports	66	137	136	150	133	125	125	117	121	131	118	..	..
7.	Government Securities	103·8	116·1	117·3	117·6	117·7	113·1	118·0	118·1	117·6	118·2	118·3	119·0*	119·2*
8.	Preference shares	127·8	130·2	134·1	165·7	171·6	173·0	174·4	178·2	181·2	183·5	187·4	189·0	191·3
9.	Variable yield securities	111·4	174·8	176·8	183·8	195·3	198·9	137·7	202·8	199·9	207·3	213·3	232·4*	249·7*
10.	Bullion :—													
	(*a*) Gold (Bombay spot)	110·7	222·4	203·4	191·3	193·3	193·3	193·1	199·0	194·5	208·4	205·1	218·3	262·9
	(*b*) Silver „ „	123·3	254·4	255·7	240·9	277·1	272·0	256·1	269·4	265·9	273·5	281·3	277·7	329·0
	II. FINANCIAL STATISTICS (In crores of rupees)													
1.	Scheduled Banks†													
	(*a*) Demand Deposits	133·1	390·9	433·7	482·4	512·6	545·7	580·1	603·5	606·8	615·3	634·7	668·6	699·6
	(*b*) Time Deposits	101·6	126·2	131·9	143·9	165·9	175·2	186·8	199·5	215·0	229·9	248·4	269·0	290·8
	(*c*) Cash and Balances with the Reserve Bank of India	28·4	63·2	81·4	100·9	87·0	113·9	124·3	121·6	106·4	116·2	126·7	128·7	127·2
2.	Cheque clearings (Total) §	490·6	989·6	1019·6	1093·4	1233·0	1193·1	1305·9	1324·9	1455·5	1330·9	1459·6	1560·4	1719·4
3.	Notes in circulation, excluding Burma notes (Quarter-end)	192·8	723·4	759·7	840·8	882·5	931·4	941·3	1009·6	1084·9	1137·0	1141·8	1210·9	1218·8
4.	Absorption (+) or Return (—) of Notes and Rupees ¶	+12·7	+89·1	+37·7	+89·0	+48·8	+53·5	+7·7	+70·4	+81·0	+56·1	+1·8	+70·5	+23·8
5.	Sterling Holdings of Reserve Bank (Quarter-end)	78·1	641·7	750·0	855·4	943·1	1002·1	1139·2	1246·7	1363·4	1424·5	1540·8	1667·7	1724·3
6.	Tax Revenue (April to Quarter-end)	34·3	28·9	66·3	112·4	189·0	42·6	84·3	150·3	278·4	66·8	111·8	169·8	309·9
7.	Defence Expenditure (April to Quarter-end)	21·0	43·0	104·1	183·8	358·4	72·4	161·0	272·0	395·5	93·8	191·2	286·3	376·4
8.	Rupee debt of Government of India :—													
	(*a*) Rupee loans (Quarter-end)	427·7	783·7	856·3	905·6	1002·6	1078·8	1106·5	1174·6	1219·0	1286·0	1395·0	1454·0	1500·0‡
	(*b*) Treasury bills outstanding (Quarter-end)	59·8	240·1	162·3	112·8	119·3	84·4	97·6	104·8	86·7	73·0	57·1	66·0	83·3

* Estimated. † Average of weekly figures (excluding Burma). § Exoluding Burma from December 1941. ¶ Excluding Burma from April 1942. ‡ Provisional.

Base :—

Items 1 to 3 : Week ended 19th August 1939=100.

Item 4 : July 1933—June 1934=100.

Items 5 to 9 : 1927-28=100.

Item 10 : June—August 1939=100.

Side by side with the reduction in the defence demand for essential consumer goods, measures were taken by Government to relax partially the various wartime controls over production and distribution, although price controls continued to be maintained. In September, restrictions on the sale and acquisition of used tyres and tubes were removed, and Government released for civilian use large stocks of motor tyres. The Paper Control (Economy) Order 1944, which had already been partially relaxed earlier in June 1945, was again amended so as to allow a further increase of 20 per cent. in the quota of basic consumption with effect from the 1st October. In November 1945, the schedule attached to the Export Control Notification of the 29th January 1945 was revised so as to remove from its purview over a hundred commodities, including chemicals and chemical preparations, raw cotton, hides and skins, iron ore, scientific instruments of indigenous origin and animal oils. Early in December, the Timber Control Order of 1945 and the Cinematograph Film (Control of Distribution) Order 1943 were withdrawn, and metal cutting tools, hand tools and workshop measuring tools were removed from the purview of the Control of Imported Engineering Stores Order 1943. By January 1946, the supply position of civilian goods had improved, and Government removed from the schedule to the Consumer Goods (Control of Distribution) Order 1943, all items with the exception of pure and artificial silk yarn, umbrellas, hurricane lanterns, cycles and cycle parts, and lead, copying and coloured pencils. Under the new Open General Licence, introduced by a notification dated the 22nd January, 1946, decontrol was extended to a number of imports including important industrial requirements. The problem of shortage of cloth continued to engage the attention of Government who issued the Textile Industry (Control of Production) Order, effective from the 1st June 1945, the general effect of which was to standardize both production and quality throughout the industry. Rationing of selected varieties of cloth was introduced in the more important towns, *e.g.*, in Bombay and Delhi in June and in Calcutta in October. The quota of coal allocated to the cotton industry was increased from July by 10,000 tons per month. An improvement in the over-all supply position of cloth enabled a revision of the scheme of quotas so as to make available, from the 1st October, to Bengal, Madras and the United Provinces and the Indian States adjoining these areas, additional supplies varying from 25 to 30 per cent. of their previous quotas. The supply of cloth is expected to be increased by 1,000 million yards in 1946, made up of an increase of 400 million yards in output, and reductions of 400 million yards and 200 million yards respectively in defence requirements and export quota.

With the termination of the war with Japan, Government were also faced with the immediate problems of transition, which included demobilization, resettlement of ex-servicemen and war workers, and reconversion of industry to peace-time production. Of the 2,000,000 men in the Indian army, about 500,000 were demobilised by the end of the year under review as against Government's target of 850,000 to be released by the 31st July 1946 and 1,500,000 (including non-combatants) by the 1st April 1947. The scheme to absorb the persons thus released included the reservation in Government service of a certain percentage of the vacancies which arose during the war, the conversion of over one hundred recruitment centres into employment exchanges and the creation by the Labour Department of a number of employment exchanges all over the country, arrangements for pre-release training to servicemen at the various military centres and the creation of a new Directorate of Resettlement and Re-employment to provide a link between employers and employees and to collect and furnish vital information in regard to qualifications

and skill of demobilised persons and the opportunities available for their suitable employment. As part of their plan to provide employment for ex-servicemen, the Central Government called upon the Provinces to submit by the middle of December 1945 a list of such of their schemes as could be executed immediately. Of these, schemes costing about Rs.80 crores have been selected to be put into operation immediately and completed by the 31st March 1947, as far as possible ; to assist Provinces in the execution of these schemes, the Central Government have provided for Rs.35 crores as advance grants and Rs.15 crores as loans. Most of the Provincial Governments have prepared their five-year plans based on the assumption that, apart from borrowings, they will require, during the quinquennium, Central grants amounting to Rs.250 crores.

The Central Government announced during the year their policies and plans of development in respect of a number of subjects including industry, research, labour, post and telegraph, and health. According to a statement issued on the 21st April 1945, the fundamental objectives of Government's policy in regard to the industrial development of the country were (1) to increase the national wealth by the maximum exploitation of the country's resources (additional wealth to be distributed in a socially equitable manner), (2) to make the country better prepared for defence and (3) to promote a high and stable level of employment. To attain these objectives, Government propose (1) to transfer from provincial jurisdiction to the Centre 20 industries, (2) to nationalise basic industries of national importance such as aircraft, automobiles and tractors, chemicals and dyes, iron and steel, prime movers, transport vehicles, electrical machinery, machine tools, electro-chemical and non-ferrous metal industries. Government further propose to assist industries, wherever they deem it desirable, by means such as making loans or subscribing a part of the capital or guaranteeing a minimum dividend and buying, as far as possible, Indian products in preference to others. Government have also appointed an Interim Tariff Board, while they have now under preparation a plan for establishing an Industrial Finance Corporation for ensuring the availability of medium and long-term credit to industrial enterprises. The planning of investment, both public and private, with a view to securing the maximum utilisation of the economic resources of the country, is also under Government's active consideration. The Industrial Research Planning Committee, in its report issued on the 10th August, has recommended the creation of a Central Research Organisation to be called the National Research Council consisting of 60 members representing universities, scientific associations and commercial and industrial organizations. Recommendations have also been made for the immediate adoption by the Council of a five-year plan which includes the establishment of a national chemical laboratory, a national physical laboratory and a network of laboratories in all the Provinces and major States. The Labour Department has prepared a housing scheme for industrial workers, which envisages the construction of 2 million houses in 10 years, estimated to cost Rs.40 crores within the first two years. The scheme provides for Central subsidies up to 12½ per cent. to local bodies and industrial and other employers, provided that the Provincial Government concerned will make an equivalent grant. The Central Government have also forwarded to Provincial Governments for their comments a unified scheme of social security covering health insurance, maternity benefit and compensation for accidents. The scheme covers all perennial factories and is designed to remove some of the defects in the present working of the Workmen's Compensation Act, and the Maternity Benefits Act. The Posts and Telegraphs

Department has prepared a 15-year plan which envisages the establishment of one telegraph office for every town with a population of 5,000 and a quicker and more efficient telegraph service throughout the country. The All-India Health Survey and Public Health Committee, appointed in 1943, issued early in February 1946, a report which envisages a ten-year plan of public health at an estimated cost of Rs.1,000 crores. The plan aims at providing one doctor for every 2,000 citizens and, when brought into full operation, the country is expected to have in all 185,000 doctors as against 47,500 at present.

The greatly deteriorated food situation, which continues to cause grave concern both to the public and the Government, is attributed to three main causes, *viz.* (*i*) the slackness in the enforcement of monopoly procurement in surplus provinces like the Punjab, Sind and Bihar, (*ii*) the inadequacy of imports and (*iii*) climatic causes like cyclones, floods and droughts in several parts of the country, particularly in deficit areas like Bombay, Madras and the Mysore State. The over-all shortage of foodgrains for the year 1946 is estimated at between four and six million tons. Government tried to meet the crisis through internal measures as well as through efforts to obtain supplies from abroad. Steps were also taken to implement some of the major recommendations of the Woodhead Famine Enquiry Commission which published its final report during the last week of September 1945, the preliminary report dealing with the Bengal famine of 1943 having been already issued in May 1945. After stressing the State's ultimate responsibility to provide food for all and the need for improving the nutritional standards as an essential part of public health programmes, the Commission in its final report made a number of recommendations including (*a*) the maintenance of agricultural prices during the transition period on a level fair to the producer and consumer, (*b*) the gradual relaxation of the more stringent controls, (*c*) the extension of rationing and (*d*) the creation of a single Department of Food and Agriculture at the Centre and an All-India Food Council with regional food councils, comprising of representatives of provincial Governments and Indian States. Internal measures adopted by Government to meet the food situation include (1) a cut of 25 per cent. of basic cereal ration throughout British India in accordance with the Viceroy's announcement on the 12th February 1946, (2) extension of the system of compulsory procurement and rationing to surplus provinces, (3) banning of future and option contracts in wheat and gram, (4) cessation of export of foodgrains entirely and restriction of exports of oilseeds, edible oils, and fats to a minimum, and (5) growing of additional food such as vegetables, potatoes and sweet potatoes and the preventing of wastage. In order to deal expeditiously with problems arising out of the food shortages in the country, an inter-departmental Committee called the Relief Co-ordination Committee was appointed at the Centre in March 1946, assisted by a Co-ordination Board consisting of the representatives of deficit areas. Apart from these measures of internal economy it is estimated that imports of foodgrains of at least 4 million tons would be required to enable the country to tide over the present crisis. A delegation, consisting of officials and non-officials, proceeded to the United States and the United Kingdom in February to press India's case before the food authorities in those countries; according to a statement issued on the 26th May 1946 by the United States' Department, the United States have shipped to India 105,000 tons of grains and flour during the first four months of 1946 and have planned to ship 59,500 tons for May 1946.

II. PRICES AND TRADE

12. *General.*—The upward movement in prices during 1945 was relatively small in most of the Allied countries, *viz.*, the United States, the United Kingdom, Canada and Australia, where a large measure of price stabilisation had been achieved earlier through economic and financial controls. The variation in price increases as between the different countries continued to be largely governed by such domestic factors as the pace of reconversion and the magnitude of civilian supplies, the methods of war-financing, the success of controls and the use of subsidies to hold living costs. A noteworthy feature common to these countries was that the wartime rise in the cost of living index was limited to only one half or slightly more of the increase in wholesale prices; this was rendered possible partly through the freezing of rents at pre-war levels, the relatively small increases in the charges of public utility services and the granting of subsidies to keep down prices of necessities. The system of extensive subsidies to offset cost increases, although designed to prevent inflation, seemed to add an element of instability to the economy as it tended to widen the gap between wage rates and costs on the one hand and domestic and world prices on the other. With the termination of the war, however, the restoration of a better balance between these diverse elements in the price structure would seem to constitute for these countries an important problem. To ensure stability of prices and an orderly transition to a peace-time basis, the Labour Government in the United Kingdom have programmed to keep the price controls in force, for a few more years. The authorities in the United States have, however, restricted their application only to such commodities as continued to be relatively scarce. It remains to be seen which of the two price policies would better effect the retransfer of resources, from war to peace-time production—a rigid policy of continued price stability or an elastic price policy permitting such increases as are necessary to bring forth increased production.

13. *Price Trends in the United Kingdom, the United States and Dominions.*—Price movements during 1945 (*vide* Statement I) in the United States, the United Kingdom, Canada and Australia were narrow. The indices of wholesale prices and those of cost of living tended to move upward and touched the peak point in July 1945, immediately after the cessation of hostilities in Europe, reflecting the cumulative effect of a mounting war-effort; thereafter, they generally tended to fall owing to the commencement of a process of reconversion, accelerated after VJ-Day and the gradual reduction in war expenditure, although their levels in December 1945 were higher than in December 1944. The wholesale price index in the United Kingdom averaged 174 in 1945, as against 171 in 1944. There was a rise of 3 points each in the wholesale price and cost of living index numbers of the United States to 139 and 130 respectively. The Canadian price index, after advancing from 140 in December 1944 to 142 in July 1945, fell to 140 in September 1945, but moved up to 141 in December 1945, while the cost of living index recording similar movements showed 119 in December 1945 as against 118 in December 1944. In the United States, the cost of living index recorded about the same percentage increase in wartime as in the United Kingdom. Compared with the United States, where a greater expansion in production was rendered possible by the absorption of considerable idle resources available at the beginning of the war, the wholesale price index in the United Kingdom showed a relatively larger rise owing partly to the high transport costs of imports and other circumstances peculiar to the country.

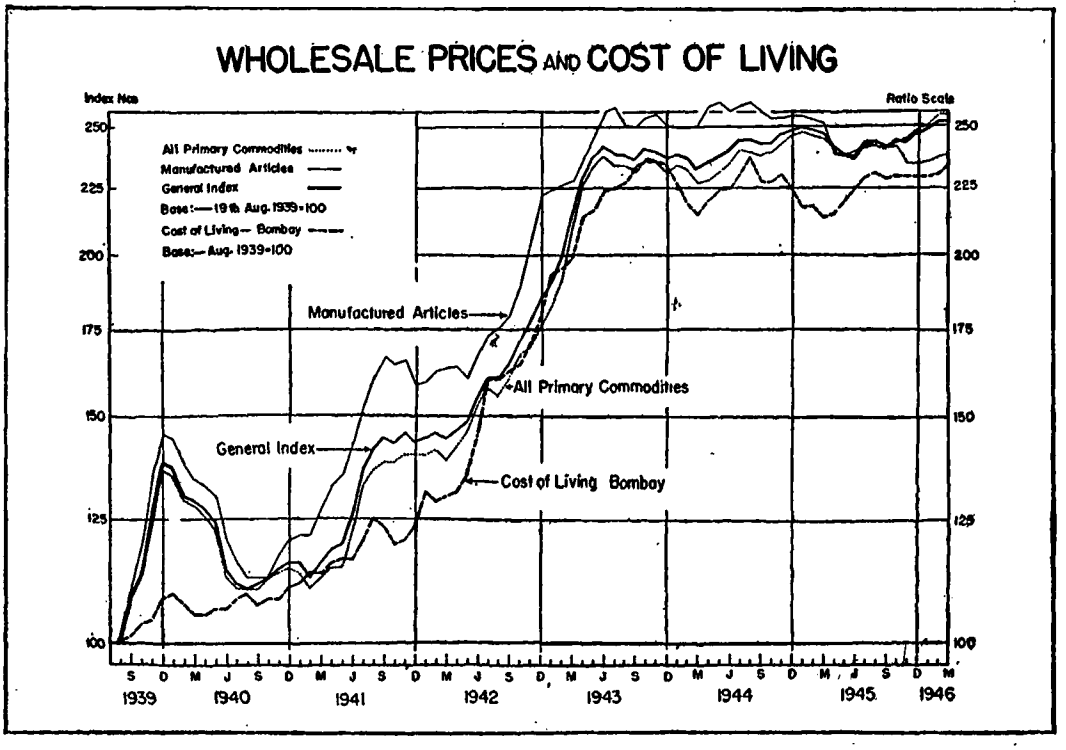
Such international comparisons, however, should be evaluated subject to certain well-known shortcomings regarding the composition etc. of the indices in general.

14. *Price Trends in India.*—Following the earlier stabilisation measures, as well as the improvement in the overall supply position and modification of controls during the year, prices were maintained at the previous year's level, according to the Economic Adviser's Index (*vide* Statement II), while according to the Calcutta index number this tended downward except during the closing months of the year. Following the visit to the United Kingdom of the Hydari Mission, the country secured considerable relief in the shape of larger imports of consumer's goods from the United Kingdom, and a reduction in the overall demand of the Defence Services on Indian production; raw materials, stores and machinery required for the manufacture of consumer's goods were imported on Government account for subsequent sale to industry. With the improvement in the supplies of both imported and indigenous products, the control over distribution of a number of consumer goods, was removed; provisions of the Paper Control Order were liberalised from time to time allowing for increased consumption of paper; an increasingly larger share of such goods as electric bulbs, fans, cement, etc., was allocated to civilian use. Reductions in the official prices were also effected in regard to a number of articles. Also, the gradual repatriation of foreign troops, following cessation of hostilities lessened the strain on the country's supplies. In view, however, of the limitation of supplies from abroad, the difficulties of transport and the continued shortages of certain essential commodities such as sugar, cereals and cloth in regard to which the supply position worsened further during the close of the year, the relief to the country's economy was not considerable. The Economic Adviser's index number of wholesale prices averaged 245.0 in 1945-46 as against 244.2 in 1944-45, thus showing a negligible rise as against 3 per cent. in 1944-45 and 38 per cent. in 1943-44. While the index number remained more or less stable round about 242 for the early half of the year, the latter half witnessed a continuous rise. From 242.3 in April it fell to 237.4 in June and again returned to 242.2 in September. A rising trend set in thereafter, the index number touching the highest for the year at 253.2 in March 1946 as against 247.8 in March 1945. Agricultural commodities indicated a rising trend except for the months of May, June and September; their average for the year was higher at 272.8 as against 265.4 for the previous year, the highest for the year being 295.4 in March 1946. According to the index issued by the Office of the Economic Adviser since February 1944 (base: week ended the 26th August 1939=100), the wholesale price index of food comprising eleven important articles averaged roughly 238 for the year as against 234 for 1944-45, the lowest and the highest for 1945-46 being 233.7 in April 1945 and 244.8 in March 1946. Raw materials, which showed an increase of 4.1 points at 210.1 over the previous year's figure of 206, moved between 208.5 in April 1945 and 212.0 in July 1945. The index number of prices for manufactured articles, which had been continuously rising ever since the war, averaged lower at 240 as against 258.3 for 1944-45 and recorded a fall during the year under review. It fluctuated between 239.0 in May 1945 and 243.5 in August 1945. The decline in cotton manufactures which had set in in July 1943, continued during 1945-46, the average index number falling from 422 in 1943-44 to 293 in 1944-45 and to 271 in 1945-46 showing an yearly decline of 30.5 per cent. and 7.5 per cent. respectively. Jute manufactures, the maximum prices of which had been fixed in April 1944, fluctuated between 243 and 256 during the year under review, but the average remained at 252 as in the year 1944-45. The

index for cement prices, which had stood at 208 in January 1945, continued to be at that level upto October 1945, but fell to 193 in November of the same year where it remained till the end of the year, the average price for the year working out lower at 202 as against 211 for the year 1944-45.

The Calcutta index number, which had stood at 305 in December 1944, showed a gradual decline until it touched the lowest point for the year at 280 in November 1945; but thereafter, an upward movement started again with the index rising to 306 in March 1946 as compared with 310 and 304 for the corresponding months in 1945 and 1944 respectively. The average for 1945-46, however, stood lower at 290 as against 303 in the previous year.

The Bombay cost of living index (*vide* Statement I) averaged higher at 231 during the year as compared with 228 for the year 1944-45. The falling tendency with regard to prices of food articles which had been witnessed during the year 1944-45 was reversed as a result of a further deterioration in the food situation during the year under review. The food index, which touched a low level of 228 in March 1945, rose to 265 in March 1946 with an average of 252 for the year; fuel and lighting, which came down to 228 in March 1945 from its record level of 300 in January 1944, rose to 248 in November 1945, the average for the year being 241; the miscellaneous group after rising from 238 in February 1945 to 241 in March 1945 fell to 232 in March 1946. The following graph depicts the wartime trends in the (*i*) Economic Adviser's Index Numbers of Wholesale Prices by groups of articles and (*ii*) Bombay Cost of Living.



15. *Trends in International Trade.*—The cessation of hostilities in 1945 put an end to the commercial seclusion of a large part of Europe and of the Far East

and to the arbitrary diversion of the productive resources of these two regions to fulfil the economic needs of Germany and Japan; it also made unnecessary many of the wartime trade restrictions resorted to by the United Nations to meet the overriding demands of a total war upon the available supplies and shipping. But only the United States, Canada, the Union of South Africa and a few other countries, located outside the zones of active conflict, had found it possible by the end of 1945 to remove many of the various wartime controls; all the other countries, however, including the rest of the members of the British Commonwealth whose economic and financial fabric was rudely distorted by the wartime conditions, found it difficult to restore the pre-war freedom of foreign trade, before effecting domestic adjustments in various fields which in some cases assumed the form of financial agreements with the supplying countries. The sterling area's inadequate holdings of non-sterling exchange, especially dollars, constituted the dominant consideration for its continuing the existing restrictions on trade with the outside countries. The termination of lend-lease in September 1945 marked an important phase in the transition from war to peace-time trading conditions. The large increase effected during the year in the loanable funds of the Export-Import Bank of the United States and the export credit facilities extended by Canada enabled these two Governments to finance, on credit, the continued flow of certain civilian goods to their Allies as also to supply the large import requirements of the war-devastated countries of Europe, beyond their current capacity to pay either in goods or cash. The financial agreement negotiated in December 1945 between the United States and the United Kingdom providing for a loan of $4.4 billion to the latter and awaiting ratification, in addition to affording the United Kingdom the means for financing its exceptionally heavy imports during the transition period, marked the first practical step in the direction of liberating the existing restrictions on foreign trade. According to the loan agreement, within a year of its ratification by the United States Congress, multilateral convertibility into any currency of current sterling receipts or sterling balances released would be restored and no quantitative import restrictions would be administered by the United Kingdom on a basis of discrimination against any of the products imported from the United States. The establishment early in 1946 of the International Monetary Fund and the International Bank for Reconstruction and Development represented a definite step in economic collaboration of the nations towards re-establishing the commercial and financial relations on a stable multilateral basis. The International Conference on Trade and Employment proposed to be held in 1947 would be concerned in securing an agreement on basic principles and policies relating to the 'elimination of tariff preferences', 'substantial tariff reductions' and related matters. The success of the Conference in harmonising the diverse commercial policies of the individual countries would mainly depend on its ability to reconcile the varying issues arising from the aspirations of national economy and international necessity.

The table on page 22 gives the exports (both cash and lend-lease), imports and balance of trade in merchandise of the United States during the war period. One of the pronounced characteristics of the United States' wartime foreign trade was the huge surplus of merchandise exports, reflecting the heavy demand by the Allies for American war material and food supplies; this surplus, which occurred despite a large increase in imports aggregated around 33 billion dollars for the 6 war years ended August 1945. United States' exports under lend-lease from 1941 to the third quarter of 1945, when they terminated, totalled $37,342 million and accounted for

TABLE 3.—UNITED STATES' EXPORTS, IMPORTS AND BALANCE OF TRADE IN MERCHANDISE FROM 1939.

(In millions of $)

	Exports (including re-exports)						Imports		Excess of exports (+) or imports (—)			
	Lend-Lease		Cash		Total				India		All countries including India	
	India	All countries including India	India	All countries including India	India	All countries including India	India	All countries including India	Cash Purchase	Total Trade	Cash Purchase	Total Trade
1939	..	..	43	3,177	43	3,177	66	2,318	—23	— 23	+ 859	+ 859
1940	..	..	68	4,021	68	4,021	102	2,625	—34	— 34	+1,396	+ 1,396
1941	9	739	89	4,408	98	5,147	132	3,345	—43	— 34	+1,063	+ 1,802
1942	287	4,890	91	3,146	378	8,036	105	2,745	—14	+273	+ 401	+ 5,291
1943	525	10,106	30	2,608	555	12,714	126	3,372	—96	+429	— 764	+ 9,342
1944	727	11,289	50	2,953	777	14,242	145	3,911	—95	+632	— 958	+10,331
1945												
Jan.—Sept.	472	5,159	..	..	..	..	..	..	..	..	..	..
First quarter ..	369	2,032	..	772	..	2,804	..	1,022	..	..	..	+ 1,782
Second quarter ..		2,016	..	985	..	3,001	..	1,098	..	..	..	+ 1,903
Third quarter	103	1,111	..	..	..	..	..	..	..	..	..	..

roughly four-fifths of the total exports; from $4,890 million during 1942 lend-lease exports increased by over hundred per cent. in 1943, to $11,289 million in 1944; with the cessation of hostilities, however, they declined and by September 1945 they came down to a little over the 1942 level. Cash exports of the United States (excluding those on lend-lease) were lower than imports with the result that the United States had an adverse balance of trade on merchandise account in 1943 and 1944, which accounted for the reduction in the country's stocks of gold during the period. The United States had also been a net importer from India in its cash merchandise trade throughout the war years; this trend appeared to have been reversed towards the close of 1945, owing to the increasingly large imports into India from the United States.

The process of readjustment after the war has been rapid in the United States and the emergency restrictions on foreign commerce were considerably relaxed. The system of export licensing inaugurated in 1940 was progressively liberalised during 1945 and by September of that year about 75 per cent. of the products subject to export licence had been decontrolled. Similarly, the procurement and distribution of all but a limited number of imported commodities, hitherto controlled, were restored to private commercial agencies. By the first January, 1946 only 14 categories of industrial materials remained under direct official import control.

The Foreign Loan Policy of the United States is planned to assist the restoration of the productive capacities of the war-devastated countries and facilitate the sound economic development of other areas so as to create such international economic environment as would permit a larger and unrestricted trade among nations and also contribute to the development of the country's export markets. The United States loans are intended to finance such part of the reconstruction programmes of the war-damaged countries as could not be met from out of their own resources or from those of the UNRRA. In order to advance loans to these countries, prior to the full functioning of the International Bank, which is not expected to assume primary responsibility for lending towards capital requirements earlier than 1947, the United States Congress increased in July 1945, the lending power of the Export-Import Bank by $2.8 billion to $3.5 billion. At the end of 1945, the Export-Import Bank had outstanding commitments, including money authorised for cotton loans, of $1,560 million, of which $1,040 million was committed during the last half of 1945. The latter amount consisted of (1) 655 million dollars to Belgium, Netherlands and France for purchase of goods originally included under lend-lease programme, (2) 165 million dollars to Belgium, Denmark, Netherlands and Norway for purchase of goods and services necessary for reconstruction, (3) 100 million dollars to various European countries for the purchase of raw cotton and (4) 120 million dollars for specific export and development programmes mostly to Latin American countries. A further enhancement of this limit by $1¼ billion dollars is contemplated since the urgent requirements of foreign countries (exclusive of the loan to Britain) during the period January 1946 to June 1947 are estimated to amount to $3¼ billion as against the unutilised lending power of the Bank of $1.9 billion on the 1st January 1946. In making loans for reconstruction and development, the Export-Import Bank took the following factors into consideration:—

(*i*) the urgency of the need of the borrower; (*ii*) the borrower's own resources;

(*iii*) the possibility of obtaining the loans from other resources ; private capital markets and other governments ; (*iv*) the ability of the borrower to make effective use of funds ; (*v*) the capacity of the borrower to repay ; and (*vi*) the impact of the loan on the domestic economy.

The table on page 25 gives recorded figures of exports and imports of merchandise during the war in respect of the United Kingdom, the United States, Canada, India, New Zealand and Australia.

The United Kingdom underwent during the war considerable changes in the structure of its foreign trade and international payments. From the status of a large-scale international creditor (with foreign assets amounting to £4,450 million), it emerged out of the war, despite lend-lease and mutual aid facilities, divested of an appreciable portion of its marketable foreign investments (estimated at £1,000 million) and with an accumulating load of sterling liabilities (about £3,000 million), besides losing a substantial part of its commercial shipping and other foreign service facilities. With the termination of lend-lease, the problem of maintaining the country's normal living standards and restoration of equilibrium in its international payments involved the adoption of measures for an immediate revival and gradual expansion of its export trade to 75 per cent. over its pre-war volume or nearly five times the 1944 level in terms of volume, as well as the restriction of imports on a selective commodity basis. The measures introduced by the authorities to assist the speedy revival of the export trade included (1) an extension of the facilities provided by the Export Credit Guarantee Department to capital goods also besides consumers' goods, (2) the preparation of a scheme under which quotas for home deliveries and export sales were fixed for a number of industries and (3) the sanction of a definite priority in the allocation of materials in short supply to production for foreign markets. Imports from the United States and Canada were restricted to those essential for domestic reconstruction. The conclusion during the year of further monetary agreements by the United Kingdom with Denmark, Finland, Holland, Czechoslovakia and Norway coupled with a loan agreement for $1,250 million with Canada cleared the way of monetary obstacles for the resumption of trade with these countries. As a result, the volume of the country's exports increased during 1945 to 45 per cent. of the 1938 figure from 31.1 per cent. in 1944 ; in view, however, of the sharp rise in the volume of exports recorded during the early months of 1946 the expectation would be justified that by the end of the year, they might exceed the pre-war level.

Canada had begun to relax some of the trade controls even before the end of the war ; the number of products subject to import permit regulation was gradually reduced to about 200 by the end of 1945. In October 1945, it abolished the war exchange tax, which had been in force since 1940, upon imports from non-empire countries putting an end to a discriminatory tax justified during wartime on grounds of conserving essential exchange. Also, it exempted during the year all products, excepting those specifically listed, from export control when shipped to destinations within the Western Hemisphere and to countries in the British Empire. Further, with a view to maintaining the enlarged volume of exports on a commercial basis, Canada concluded a number of loan arrangements with some of the European Governments under the Export Credits Insurance Act. Both Australia and New Zealand, in view of the comparative inadequacy of non-sterling resources, continued generally to maintain restrictions on trade with non-empire countries, while providing

TABLE 4.—MERCHANDISE EXPORTS FROM AND IMPORTS INTO EMPIRE COUNTRIES AND THE UNITED STATES DURING THE WAR.

(In Millions)

Country	1938	1939	1940	1941	1942	1943	1944	1945
UNITED KINGDOM £								
Imports (retained) (*a*)	858·0	839·5	1,126·1	1,132·4	1,195·0	1,872·0	2,351·0	1,051·7*
Exports	470·8	439·5(*a*)	411·2(*a*)	365·4(*a*)	270·9	232·8	265·0	393·4
Excess of Imports	387·2	400·0	714·9	767·0	924·1	1,639·2	2,086 0	658·3
UNITED STATES $								
Imports (*b*)	1,960	2,318	2,625	3,345	2,742	3,372	3,921	4,140(*p*)
Exports (incl. re-exports)	3,094	3,177	4,021	5,147	8,080	12,963	14,261	9,805(*p*)
Excess of Exports	1,134	859	1,396	1,802	5,338	9,591	10,340	5,665(*p*)
CANADA $								
Imports (retained)	666	739	1,043	1,346	1,579	1,671	1,699	1,497
Exports	835	897	1,186	1,638	2,364	2,971	3,440	3,218
Excess of Exports	169	158	143	292	785	1,300	1,741	1,721
INDIA Rs.								
Imports (*c*)	1,534	1,604	1,633	1,828	1,138	1,108	1,800	2,376
Exports (incl. re-exports)	1,685	1,888	2,189	2,460	2,144	1,969	2,331	2,392
Excess of Exports	151	284	556	632	1,006	861	531	16
NEW ZEALAND £NZ								
Imports (*d*)	55·4	49·4	49·0	49·2	53·7	95·1	86·7	55.1
Exports	58·4	58·0	73·7	67·5	81·3	71·8	77·7	81.5
Excess of Imports (—) / Exports (+)	+ 3·0	+ 8·6	+ 24·7	+ 18·3	+ 27·6	— 23·3	— 9·0	+26.4
AUSTRALIA (*e*) £A								
Imports	140·0	124·4	145·0	136·2	187·1	265·7	263·1	233·0
Exports	141·7	121·5	149·7	135·0	159·3	125·6	146·7	155·3
Excess of Imports (—) / Exports (+)	+ 1·7	— 2·9	+ 4·7	— 1·2	— 27·8	—140·1	—116·4	—77·7

(*a*) Including imports or exports by Government Departments of aircraft and other vehicles (except tyres and tubes for road vehicles) and arms, ammunition, and military and naval stores. (*b*) General imports, including merchandise entered for immediate consumption and that entered for storage in bonded warehouses. (*c*) Excluding value of railway materials imported direct by State Railways working under company management which are not paid for in the ordinary way. (*d*) Including defence materials and equipment, also lend-lease supplies. (*e*) Year ended 30th June.
(*p*) Preliminary.

* Excluding munitions.

for larger imports from the other countries of the sterling area. The Union of South Africa, however, owing to its large gold production, immediately after the end of the war, abolished the necessity for import permits or certificates of essentiality for all goods which could be exported from the United States under general licence.

16. *India's Balance of Trade in Merchandise.*—The published returns on India's sea-borne trade are inadequate for drawing up a balance of payments statement for the country as they exclude the trade on Defence Account, which partly involves financial payments as between governments, and include the returns of lend-lease imports and reciprocal lend-lease exports on non-defence account, which do not result in money transfers. Movements in the recorded foreign sea-borne trade during the year under review were generally influenced by the Government's policy of securing for the country larger supplies of consumer goods, essential raw materials and machinery. The Open General Licence, instituted in March 1945, was extended in October of that year to cover additional products. In view of the improved supply position, licences for import of certain steel items from the United Kingdom were issued more freely towards the close of the year. Government's restrictive policy as regards imports from the United States and other non-sterling countries was liberalised; Indian firms having pre-war trade connections with the suppliers in the United States of goods considered essential for the requirements of British India, were allowed to obtain licences for such goods, even when they were otherwise available from the sterling area countries. Administrative difficulties seem, however, to have retarded the rate at which import licences were granted for goods for which such licences were necessary. The shipping situation also eased towards the close of the year.

The operation of these factors, combined with the country's pent-up demand for both consumer and capital goods from abroad led to a large increase in imports during 1945. At the same time there was a decline in exports, leading to a reversal in the wartime trend in India's balance of trade during the year and the emergence of an unfavourable balance on merchandise account. Merchandise imports into India exceeded exports to the United States, Egypt and Iran to an extent which more than offset India's favourable balance of trade with the other countries.

Imports rose from Rs.180.0 crores in 1944 to Rs.237.6 crores in 1945 (*vide* Statement III), while exports also rose during the same period from Rs.233.1 crores to Rs.239.2 crores; the favourable balance of trade in merchandise was considerably reduced from Rs.53.1 crores in 1944 to Rs. 1.6 crores in 1945. The average monthly imports amounted to Rs.19.8 crores in 1945, Rs.15.0 crores in 1944 and Rs.9.2 crores in 1943. The total value of India's foreign trade on the basis of the published figures rose to a new wartime record of Rs.476.8 crores during 1945, as against Rs.413.0 crores in the previous year and Rs. 307.7 crores in 1943. The progressive removal by Government commencing from December 1945 of a large number of commodities from the purview of the Export Control Notification of the 29th January 1945 is expected to record an increase in the value of India's exports in future.

17. *Direction of Trade (Excluding Re-exports).*—The table on page 27 shows the more important changes in the direction of India's trade and the balance of trade with important countries and groups for the three years 1943 to 1945 and compares them with the pre-war position as in 1938.

During 1945, India's usual favourable trade balance was converted into an unfavourable one. Further reductions were recorded in India's surplus trade

TABLE 5.—DIRECTION OF INDIA'S SEA-BORNE TRADE.

(In lakhs of rupees)

	1938			1943			1944			1945		
	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)	Imports	Exports (excluding re-exports)	Balance (excl. re-exports)
I. *British Empire*												
1. United Kingdom	48,12	55,14	+ 7,02	24,49	54,42	+29,93	38,60	65,66	+27,06	50,43	64,02	+13,59
Percentage ..	*31·4*	*34·1*	..	*22·1*	*29·2*	..	*21·3*	*30·0*	..	*21·2*	*29·3*	..
2. Burma ..	22,73	10,13	— 12,60	11	..	— 11	12	..	— 12	..	..	..
3. Ceylon	1,09	5,06	+ 3,97	3,70	15,31	+11,61	3,50	18,23	+14,73	3,12	17,04	+13,92
4. Australia ..	2,04	2,95	+ 91	4,70	14,28	+ 9,58	8,09	13,68	+ 5,59	8,40	12,34	+ 3,94
5. Canada.. ..	70	2,04	+ 1,34	2,92	5,07	+ 2,15	3,02	5,65	+ 2,63	5,19	7,63	+ 2,44
6. South Africa ..	27	1,41	+ 1,14	2,87	10,35	+ 7,48	2,67	12,67	+10,00	2,80	7,39	+ 4,59
7. Other countries.	12,93	8,48	— 4,45	13,72	24,81	+11,09	17,92	25,01	+ 7,09	20,12	21,74	+ 1,62
Total British Empire	87,88	85,21	— 2,67	52,51	1,24,24	+71,73	73,92	1,40,90	+66,98	90,06	1,30,16	+40,10
Percentage to Total Trade	*57·3*	*52·7*	..	*47·4*	*66·7*	..	*40·9*	*64·4*	..	*37·9*	*59·7*	..
II. *Foreign Countries*												
1. United States ..	11,41	13,43	+ 2,02	17,70	32,82	+ 15,12	39,14	48,20	+ 9,06	71,06	50,70	—20,36
Percentage ..	*7·4*	*8·3*	..	*16·0*	*17·6*	..	*21·6*	*22·0*	..	*29·9*	*23·2*	..
2. Japan	15,58	14,53	— 1,05	..	..	..	..	..	..	..	..	..
3. Egypt	2,60	1,31	— 1,29	14,42	1,90	— 12,52	13,59	4,35	— 9,24	17,98	2,99	—14,99
4. Iran	3,41	66	— 2,75	22,50	1,38	—21,12	47,57	3,09	—44,48	51,30	1,29	—50,01
5. Other Foreign Countries ..	32,54	46,55	+ 14,01	3,71	25,98	+ 22,27	6,68	22,30	+15,62	7,14	32,99	+25,85
Total Foreign Countries ..	65,54	76,48	+ 10,94	58,33	62,08	+ 3,75	1,06,98	77,94	—29,04	1,47,48	87,97	—59,51
Total Trade ..	**1,53,42**	**1,61,69**	+ 8,27	**1,10,84**	**1,86,32**	+ 75,48	**1,80,90**	**2,18,84**	+37,94	**2,37,54**	**2,18,13**	—19,41

balances with the Empire countries. With some of the non-empire countries, trade continued to show larger deficits, and with the United States for the first time since the outbreak of the war there was a change from an export to an import surplus. As regards the Empire countries, the imports from the United Kingdom increased from Rs.38.60 crores in 1944 to Rs.50.43 crores in 1945, while exports to the United Kingdom declined from Rs.65.66 crores to Rs.64.02 crores, with the result that the export surplus fell from Rs.27.06 crores in 1944 to Rs.13.59 crores in 1945. Likewise, India's trade balance with Ceylon and Australia decreased from Rs.14.73 crores and Rs.5.59 crores in 1944, to Rs.13.92 crores and Rs.3.94 crores in 1945 respectively owing mainly to a reduction in the exports of both the countries. Although exports to Canada rose from Rs.5.65 crores in 1944 to Rs.7.63 crores in 1945, the surplus balance of Canada declined by Rs.19 lakhs to Rs.2.44 crores in 1945, as a result of a larger increase in imports from Rs.3.02 crores to Rs.5.19 crores. During 1945, imports from and exports to the Empire countries respectively accounted for 37.9 per cent. and 59.7 per cent. of the total as against 40.9 per cent. and 64.4 per cent. in the previous year, the corresponding figures for 1943 being 47.4 per cent. and 66.7 per cent. While India's favourable balance of Rs.66.98 crores in 1944 in respect of the Empire countries was appreciably reduced to Rs.40.10 crores in 1945, India's import surplus from non-empire countries continued to rise and amounted to Rs.59.51 crores in 1945 as against Rs.29.04 crores in the previous year. The total imports from foreign countries showed a rise of 38 per cent. from Rs.106.98 crores to Rs.147.48 crores as against an increase of 13 per cent. in exports of Indian merchandise from Rs.77.94 crores to Rs.87.97 crores. Imports from the United States increased by over 80 per cent. of the 1944 figure, rising from Rs.39.14 crores to Rs.71.06 crores, exports showing a comparatively slight increase from Rs.48.20 crores to Rs.50.70 crores. The import surplus from Iran increased further to Rs.50.0 crores in 1945 from Rs.44.48 crores in 1944, mainly on account of receipts of oil.

Certain striking features are noticeable in regard to the direction of India's trade during the war period. Of the Empire countries, while the total value of India's trade with the United Kingdom in 1945 stood at a level slightly higher than in 1938, (Rs.114 crores as against Rs.103 crores) that with Australia and South Africa which had shown a marked expansion between 1938 and 1944 declined slightly in 1945. Trade with Canada continued to expand while that with Ceylon showed a slight decline. The nine-fold increase recorded in the total value of trade between India and South Africa between 1938-1944 was reduced to a six-fold increase in 1945, while that between Australia and India continued to maintain in 1945 the four-fold increase recorded during the same period. There has also been about a five-fold increase in the trade with Canada from Rs.2.74 crores to Rs.12.82 crores. Amongst the non-empire countries, marked increases have taken place in respect of the United States, Iran and Egypt; the total value of the trade with the United States rose nearly five-fold from Rs.24.84 crores to Rs. 121.76 crores, with Iran roughly thirteen-fold from Rs.4.07 crores to Rs.52.59 crores, and with Egypt more than five-fold from Rs.3.91 crores to Rs.20.97 crores.

18. *Composition of Trade.*—The following table gives the composition of India's imports and exports (including re-exports) according to main commodity groups during the years 1943 to 1945. Although the exclusion of trade on Government

account detracts from the value of these figures, they serve as a rough guide to the distribution of trade over the constituent categories during the period under review.

	1938		1943		1944		1945	
	Rs. crores	*Percentage*	Rs. crores	*Percentage*	Rs. crores	*Percentage*	Rs. crores	*Percentage*
				IMPORTS				
Food	20·70	*13·5*	7·00	*6·3*	16·21	*9·0*	21·75	*9·2*
Raw Materials ..	36·62	*23·9*	61·90	*55·8*	104·86	*58·0*	128·05	*54·0*
Manufactured Articles	93·61	*61·0*	40·53	*36·6*	57·64	*31·9*	84·47	*35·6*
				EXPORTS (Including re-exports)				
Food	39·65	*23·5*	43·90	*22·3*	51·99	*22·5*	53·25	*22·3*
Raw Materials ..	74·70	*44·3*	49·46	*25·1*	57·19	*24·7*	75·75	*31·7*
Manufactured Articles	51·34	*30·5*	101·39	*51·5*	119·33	*51·5*	105·31	*44·0*

Of the increase in the value of imports, the most pronounced rise was under manufactured articles, the percentage share of which to total imports increased to 35·6 in 1945 from 31.9 in 1944. On the other hand, while the value of raw materials stood higher at Rs.128.05 crores as against Rs.104.86 crores in 1944, they accounted for 54.0 per cent. of total imports as against 58 per cent. in the previous year. The proportion of food articles remained unaltered, though there was a rise in their value during the year. In regard to exports, manufactured articles recorded a sharp decline from Rs.119.33 crores to Rs.105.31 crores, showing, in terms of percentages, a fall from 51.5 to 44.0; as against this, exports of raw materials increased considerably, their proportion to total exports also showing a rise from 24.7 per cent. in 1944 to 31.7 per cent. in 1945; the proportion of food exports continued to be roughly at the previous year's level, their value rising slightly.

19. *Imports and Exports.*—The table below shows changes in the value of important commodities entering into the foreign sea-borne trade of India during 1943-45 and compares them with the pre-war year 1938.

TABLE 6.—INDIA'S IMPORTS AND EXPORTS OF CERTAIN COMMODITY GROUPS.

(In lakhs of rupees)

	1938	1943	1944	1945	Increase (+) or decrease (—) over 1944
		IMPORTS			
Grain, pulse and flour	10,83	1	6,93	9,55	+2,62
Oils—vegetable, mineral and animal	16,28	31,90	71,09	89,92	+18,83
Cotton, raw and waste	11,07	19,93	22,14	24,49	+2,35
Wool, raw	72	4,19	2,47	2,15	—32
Chemicals, drugs and medicines	5,73	5,60	10,35	9,54	—81
Dyes and colours	3,79	7,30	7,94	10,00	+2,06
Machinery	19,81	10,23	14,83	19,67	+4,84
Cotton yarns and manufactures	14,61	1,09	1,52	1,46	—6
		EXPORTS (Including re-exports)			
Grain, pulse and flour	8,16	3,21	70	3,24	+2,54
Tea	23,47	33,44	40,65	36,59	—4,06
Oils—vegetable, mineral and animal	1,08	76	1,24	3,05	+1,81
Seeds	15,94	10,26	11,25	13,71	+2,46
Cotton, raw and waste	23,93	6,29	9,01	10,09	+1,08
Jute	12,24	7,37	7,95	12,65	+4,70
Hides and skins, raw, tanned or dressed and leather ..	11,58	13,85	14,04	21,41	+7,37
Metals	3,56	1,65	3,47	1,24	—2,23
Cotton yarns and manufactures	8,03	42,91	40,80	32,15	—8,65
Jute manufactures	26,18	44,43	60,59	56,18	—4,41

20. *Tariff Board.*—Pending the formulation of a tariff policy appropriate to the post-war needs and conditions of the country and the establishment of a permanent machinery for the purpose, the Government of India announced on the 4th November the appointment of an *ad hoc* Tariff Board to enquire into claims for protection or assistance from industries started or developed during wartime. The terms and conditions under which protection was to be given were also outlined. Firstly the industry should be an established one and conducted on sound business lines. Secondly, it should be one, (*a*) which, having regard to its natural or economic advantages or probable costs was likely, within a reasonable time, to develop sufficiently to be able to carry on successfully without protection or State assistance, or, (*b*) to which it was desirable in the national interest to grant protection or assistance and the probable cost of such protection or assistance to the community was not excessive. Where a claim to protection or assistance was found to be established, the Board would recommend (*i*) whether, at what rate and in respect of what articles, or class or description of articles, a protective duty should be imposed, (*ii*) what additional or alternative measures should be taken to protect or assist the industry, and (*iii*) for what period, not exceeding three years, the tariff or other measures recommended should remain in force.

Of the industries that have applied so far for protection or assistance, the Government have selected for consideration on a preliminary examination the following.

(*i*) non-ferrous metals, including antimony ;
(*ii*) grinding wheels ;
(*iii*) caustic soda and bleaching powder ;
(*iv*) sodium thiosulphate, sodium sulphite anhydrous, sodium bisulphite ;
(*v*) phosphates and phosphoric acid ;
(*vi*) butter colour, aerated water powder colour ;
(*vii*) rubber manufactures ;
(*viii*) fire hose ;
(*ix*) wood screws ; and
(*x*) steel hoops for baling.

According to Government's announcement in 1940, specified industries promoted with the aid of their direct encouragement during wartime were assured that, if they were conducted on sound business lines, they would be protected against unfair competition from outside India. The following industries have accordingly been given an assurance of such protection.

(1) bichromates ;
(2) steel pipes and tubes up to a nominal bore of 4 inches ;
(3) aluminium ;
(4) calcium chloride ;
(5) calcium carbide ; and
(6) starch.

Towards the end of the year, the Tariff Board had submitted reports to the Government of India on four industries, namely, calcium chloride, antimony, grinding wheels and sodium thiosulphate, sodium sulphite and sodium bisulphite.

To enable Government to take action on the recommendations of the Tariff Board, powers have been taken by them under the Protective Duties Act, 1946, to impose by executive action, pending legislation later, new or additional duties.

21. *Trade Agreements.*—In accordance with their policy to stabilise India's position in the foreign markets gained during the wartime and to investigate into the possibilities of further expansion of the country's foreign commerce in the post-war period, Government continued to promote commercial contacts through trade agreements, the despatch of official and non-official trade missions and the extension of consular services. In view of the difficulties of obtaining goods from the usual sources of supply, as also the drive towards further industrialisation, which some of the countries of the Middle East are planning, the prospects of finding markets for Indian products are considered bright judging from the reports of Indian Trade Commissioners abroad and particularly because, it would be a long time before the ex-enemy countries could attempt to recapture their lost markets. During the year under review, a representative Trade Mission was despatched to China with a view primarily to securing Indian exports to China, especially of raw cotton and tobacco and to discovering means of re-establishing the Sino-Indian trade on an expanded basis. The report of the Mission, which has since returned to India, is awaited.

Two new Indian Trade Commissioners were also appointed for Iran and Egypt and other near and Middle East countries during the year.

III. BULLION

22. *Production and Stocks of Gold.*—The decline in world production of gold which started in the year 1941 continued in 1945 also. The estimated world production of gold in 1945 has been placed at 26·5 million ounces as compared with the output of 27 million ounces in 1944, representing a decline of 1·9 per cent. It would be noticed from the following table that the percentage decline in output rose from 2 in 1941 to 17 in 1943, but worked out lower at 7 in 1944. Compared with 1940, the year of peak production, the decline in 1945 amounted to about 35 per cent.

TABLE 7.—WORLD GOLD PRODUCTION.

(In thousands of fine ounces)

	1939	1940	1941	1942	1943	1944	1945
I. British Empire ..	22,471	24,053	24,170	22,520	19,150	17,580	17,200
(*a*) Union of South Africa	12,822	14,047	14,386	14,121	12,800	12,277	12,214
(*b*) Canada	5,094	5,311	5,345	4,841	3,651	2,914	2,662
(*c*) Australia	1,646	1,644	1,497	1,154	751	657	600
(*d*) New Zealand ..	179	186	186	170	150	150	150
(*e*) India	317	289	286	260	252	187	168
II. United States ..	4,621	4,863	4,832	3,583	1,381	1,002	938
III. All Countries ..	39,038	40,811	(40,000)	(35,000)	(29,000)	(27,000)	(26,500)
British Empire Percentage ..	*57·6*	*58·9*	*60·4*	*64·3*	*66·0*	*65·1*	*64·9*
South African Percentage ..	*32·8*	*34·4*	*36·0*	*40·3*	*44·1*	*45·5*	*46·1*

Figures in brackets are provisional.

The production in the British Empire in 1945 declined by 2·1 per cent., while its share of world production remained more or less at the 1944 level. In 1945, the largest decline has been in the case of India, namely, 10·2 per cent., followed by Australia (8·7 per cent.) and Canada (8·6 per cent.). With the end of the war, the

obstacles to production such as shortages of labour and equipment, high production costs and increased taxation are likely to be overcome. Various concessions have already been granted to the gold mining industry in some of the major producing countries. In South Africa, the Gold Realisation Charge amounting to 38s. 3d. per £100 was removed from the 1st October 1945; also from the same date, the industry in Canada was exempted from paying the Excess Profits Tax. The United States authorities revoked, with effect from the 1st July 1945, the order of the War Production Board under which gold mining had been restricted since October 1942.

The estimated production of gold in India in 1945 amounted to 168,405 ounces valued at Rs.3,37,82,038, as compared with 188,206 ounces valued at Rs.3,55,01,636 in 1944. The total production of gold in India during the ten years ended 1945 amounted to 2,742,737 ounces or 0·8 per cent. of the estimated total world production of 342,896,000 ounces during the period.

During the year under review, there was a further redistribution of the monetary stocks of gold of the Central Banks and Governments. (*Vide* Statement IV.) The principal losers were the United States, France and the Netherlands, while the chief gainers were Switzerland, South Africa, Mexico, Brazil, Sweden and Turkey. The United States lost in 1945 gold of the value of $554 million as compared with a loss of $1,319 million in 1944, increases in the earmarked gold (on account of holders abroad) accounting for two-thirds of the loss in 1945 and one third of the loss in 1944. Earmarked gold held by the Federal Reserve Banks increased from $3,937 million at the end of 1944 to $4,294 million at the end of 1945. It may be noted that the decline in the United States' gold reserves was arrested in December 1945, after which a steady increase has been in evidence, reflecting the effects of the cessation of lend-lease and the re-emergence of a favourable trade balance on private account. Statement IV indicates the changes in the values of monetary stocks of gold of certain countries.

23. *Price of Gold.*—The table below shows the highest, lowest and average prices of gold in Bombay for each of the eight years 1938-39 to 1945-46. The price of gold in New York has remained unchanged at $35 per fine ounce since February 1934, while in London it was raised from £8-8-0 to £8-12-3 per fine ounce from the 9th June 1945.

Year	Spot			Settlement		
	Highest	Lowest	Average	Highest	Lowest	Average
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1938-39	37 10 6	34 12 3	35 10 3	37 10 6	34 12 0	36 4 3
1939-40	43 8 0	36 9 0	39 13 11	43 8 0	36 9 0	39 14 6
1940-41	48 8 0	40 2 6	42 6 0	48 8 0	40 2 6	42 8 3
1941-42	57 12 0	41 9 6	44 7 11	56 12 0	41 10 0	44 9 10
1942-43	72 0 0	44 12 0	57 10 10	71 15 0	45 0 0	56 14 5
1943-44	96 4 0	65 4 0	76 11 6	95 0 0	62 10 0	76 10 6
1944-45	76 12 0	61 2 0	71 7 4	77 12 0	59 8 0	71 2 4
1945-46	97 12 0	63 6 0	80 3 0	89 14 0	62 6 0	77 6 9

Statement VI shows the highest, lowest and average prices of gold, both spot and forward, and of sovereigns as well as the estimated average stocks of gold in the Bombay market for each month of the year under review; trends in the spot prices of gold and silver during the years 1926-27 to 1945-46 are shown in Statement V.

Statement VII shows the weekly movements of prices, spot as well as forward, and stocks in the Bombay bullion market during the year, of both gold and silver. The graph below shows the trends in spot prices of gold and silver since the beginning of the war.

The gold market presented a firm undertone during the greater part of the year, and quotations evinced a distinctly upward trend, apart from a temporary setback immediately following the surrender of Japan in August. The highest and average prices, both spot and forward, attained new levels during the year, being the highest on record. The sentiment in the market during the year continued to be governed mainly by such influences as idle funds seeking investment in precious metals, scarce supplies of goods, and manipulations by operators who sought to exploit a steadily deteriorating technical position in the absence of prospects of any imports on a large scale in the near future. Gold in the main followed the trend in silver and quotations in both the sections, particularly in silver, were also affected by international developments such as the prospect of an early termination of the war, the cessation of lend-lease, the proposed Anglo-American Loan Agreement and the upward revision of prices in the United States and the United Kingdom. In view of the abnormally high and artificial levels of Indian prices of gold and silver as compared with the prices in the United Kingdom and the United States, the Central Budget for 1946-47 imposed with effect from the 28th February 1946, a specific duty on gold bullion and coin at the rate of Rs.25 per tola and also raised the existing duty on silver from 3 annas an ounce plus a surcharge of 1/5th to a composite duty of 8 annas an ounce. The Finance Member in justification of the imposition of the duties argued that with the end of the war and the likely restoration of normal trade and bullion imports it was desirable that suitable machinery should be devised that would render unattractive for any one to indulge

in speculation with a view to reaping profits at present levels. The rate of duty "will be varied from time to time by a notification under the Sea Customs Act, in order to attain in an orderly manner a reasonable measure of approximation to world prices."

During the early part of the year a quietly steady tone prevailed, there being no sharp rise in quotations, in view of indications of an early termination of the war in Europe. In order to check continued cornering by bulls and the extraction of high "budla" charges, the authorities of the Bombay Bullion Exchange fixed the maximum penalty for non-delivery at 10 annas per tola with effect from the 16th April 1945. Following the unconditional surrender of Germany early in May, ready gold declined to Rs. 71-12-0 in Bombay and to Rs.69-12-0 in Calcutta. A recovery followed, the rate advancing to Rs.76-10-0 by the 19th May. As a result of a reduction in the amount of gold officially offered to the public and the news of an increase in the buying price of the United Kingdom Treasury for gold from 168*s.* to 172*s.* 3*d.* per fine ounce, prices continued to be maintained at higher levels until the middle of August when, following the surrender of Japan, they registered a sharp decline, the ready rate touching the lowest level of the year at Rs.63-6-0 on the 22nd of that month.

Official sales of gold were discontinued with effect from the 14th August. The quotations moved up gradually recovering to Rs.76-4-0 by the end of September. From the middle of October onwards, excepting for some temporary reactions, the quotations showed an almost continuous rise. The upward trend was assisted by rumours regarding devaluation of sterling consequent on the termination of lend-lease, the withdrawal in September of maximum "budla" charges fixed earlier, and the raising by the United States Treasury of its purchase price of foreign silver, followed by an increase in the London price of silver, the appreciation in the United States and the United Kingdom silver prices having a sympathetic effect on the price of gold in India. The news regarding the conclusion of the Anglo-American Loan Agreement on the 6th December 1945 led to a temporary reaction in December; the ready rate which had risen to Rs.86-11-0 on the 4th December declined and stood at Rs.81-3-0 at the end of that month. During the last quarter of the year the market resumed its upward trend, the quotations soaring to new successive high levels as a result of the heavy rush for buying. The promulgation of the Demonetisation of Notes ordinances (*vide* para 80) in January 1946 led to a flight of funds to the bullion market and ready gold touched Rs.90-0-0 on the 16th January, while unofficial transactions were reported to have taken place at Rs. 102-0-0 per tola. The authorities of the Bombay Bullion Exchange declared a state of emergency on the 12th January and fixed the maximum and minimum rates for weekly deliveries at Rs.85-0-0 and Rs.81-0-0. On the 23rd January, the Board called upon operators to settle all outstanding transactions in gold at Rs. 85-14-0 and prohibited forward business in the metal with effect from the 30th. The ready rate rose from Rs.90-0-0 on the 16th January to Rs.95-4-0 by the 30th. As a result of apprehensions based on a temporary reduction in notes in circulation, the quotations eased to Rs.90-8-0 on the 2nd February and after irregular movements, to Rs.85-4-0 by the end of the month. A contributory factor to the decline was the removal on the 25th February by the Central Government of the restrictions on forward trading imposed by Rule 90C of the Defence of India Rules, which had limited the period of delivery to 7 days. Following the removal of this limitation the authorities of the Bombay Bullion Exchange decided to resume as from the 18th

March the old system of monthly settlement of forward transactions and also to fix the maximum penalty for non-delivery at Rs.2-8-0. Actual forward trading in gold, however, was not resumed until the 16th April. As an immediate reaction to the announcement of the new duty on gold, the ready rate further declined from Rs. 85-4-0 on the 28th February to Rs. 82-0-0 on the 1st March. The upward trend, however, soon reasserted itself and the rate recovered to Rs.89-0-0 on the 5th and advanced to Rs.97-12-0 by the end of the year as against Rs.72-5-0 at the end of 1944-45.

The range of fluctuations in the ready rates for gold in the Bombay market during the year was Rs.34-6-0 which is more than twice as much as in the preceding year. The highest and lowest rates during the year were Rs.97-12-0 and Rs.63-6-0 respectively as against Rs.76-12-0 and Rs.61-2-0 during 1944-45. The average price of gold for the year worked out higher at Rs.80-3-0 as against Rs.71-7-4 in the preceding year. The premium of the ready over the forward rates varied between Rs.5-5-0 and *nil*, against Rs.1-12-0 and *nil*; during 1944-45.

Official offerings of gold by tender which had remained suspended since the 3rd November 1944 were resumed with effect from the 2nd April 1945 and continued until the 14th August 1945 when they were again discontinued for the rest of the year. The rates at which sales were effected varied between Rs.70-14-0 per tola on the 4th April 1945 and Rs.79-8-0 per tola on the 19th June 1945. Small bars were also on offer in Bombay during the period 2nd April 1945 to 13th August, at rates varying between Rs.72-8-0 per tola on the 2nd April 1945 and Rs.79-12-0 per tola on the 25th June 1945. Total official sales of gold during the period 1943-44 to 1945-46 amounted to 7·5 million ounces as shown below.

(In million ounces)	
1943-44	3·4
1944-45	3·2
1945-46	0·9
Total	7·5

24. *Assaying and Refining of Gold.*—During the year under review, the Bombay and Calcutta mints received from the public and the Banks 757,486 tolas and 31,204 tolas respectively for melting and assaying as against 343,801 tolas and 10,105 tolas in 1944-45. The Bombay mint received 1,532,162 tolas of raw gold for refining as against 726,822 tolas in the previous year.

25. *Production and Stocks of Silver.*—The cessation of hostilities in August 1945 eliminated the need for maintaining all the controls over silver imposed during the war by the various governments. While restrictions pertaining to international movements in general still continued to operate, regulations regarding price or use of silver were either relaxed or abolished. In the United States, the War Production Board revoked all control over the permitted uses of silver and followed it up on the 5th September by relaxation of restrictions on imports of the metal with a view to stimulating imports into the country to meet the growing demand resulting from the relaxations of the restriction on the consumption of the metal. The United States Treasury raised its buying price of foreign silver from 44¾ cents to 71·11 cents per fine ounce on the 21st September 1945. Legislation now pending before the United

States Congress aims at increasing the price of domestic silver and ultimately raising it to $1·29 per fine ounce, which represents the monetary value of the metal. Legislation has also been proposed authorising the release of Government-owned silver for industrial use by domestic and foreign purchasers, the Green Act of the 12th July 1943 which permitted the use of Treasury's silver for war and certain other purposes, having expired at the end of December 1945.

Available data (*vide* table below) suggest a possible decline in the world output of silver during 1945 principally owing to continued lack of skilled labour. The production of silver in the Western Hemisphere in 1945 is estimated* at 127·3 million fine ounces as compared with an estimated output of 138·4 million ounces in 1944. The fall in production in 1945 was 8 per cent. as against a fall of 5·2 per cent. in 1944. Production in 1945 declined by 19 per cent. in the United States, as against 4·8 per cent. in Mexico, while the other countries more or less maintained their 1944 level. Trends in future production would depend upon a variety of factors such as the price of silver, level of labour costs and taxation of the silver mining industry. The estimated output of silver in India in 1945 was 14,154 ounces, valued at Rs.44,136 as against an output of 14,239 ounces valued at Rs.47,902 in 1944. The following table gives the figures of estimated production in the major producing countries during each of the years 1939 to 1945.

*Handy & Harman.

TABLE 8.—WORLD SILVER PRODUCTION.

(In millions of fine ounces)

Countries.	1939	1940	1941	1942	1943	1944	1945
United States of America	57·8	67·0	69·1	54·5	41·5	34·9	28·3
Mexico	81·5	86·3	78·4	80·7	71·2	63·0	60·0
Canada	24·2	25·4	22·0	22·0	18·2	14·7	14·0
Other Central and South American Countries	30·9	34·5	32·4	16·0*	15·1*	25·8	25·0
Elsewhere (including India)	69·8	(a)	(a)	(a)	(a)	(a)	(a)
TOTAL	264·2	213·2	201·9	173·2	146·0	138·4	127·3
India†	0·023	0·023	0·023	0·020	0·019	0·014	0·014‡

*Figures for Peru only. (a) Not available. †Exclusive of Burma Figures. ‡Provisional.

The total amount of silver released under Lend-lease during the three years from 1943 to 1945, amounted to 410·9 million ounces. Of this, 326·6 million ounces were leased to the British Empire including the United Kingdom, India and Australia. The silver so loaned is to be returned to the United States Treasury on an ounce for ounce basis within five years of the official announcement of the cessation of hostilities. During the war 900 million ounces of silver were released by the United States Treasury for non-consumptive uses to the American industry of which half the amount went to the Atomic Bomb Plant at Tennessee. For the third successive year, the United States Government holdings of silver showed a decline in 1945. The Treasury stocks including coins in circulation at the end of 1945 are placed at 2,725 million ounces as against 2,993 million ounces at the end of 1944, and 3,255 million ounces at the end of 1943.

In Mexico, the bullion value of the silver currency totalling nearly 536 million Pesos of ·720 fineness came to be worth one-third more than the face value as a result of the increase in the United States Treasury's purchase price of foreign silver. The conversion of paper Pesos into silver money had to be immediately suspended and the Bank of Mexico was invested with complete control over the purchase, sale and allotment for export of silver in all forms. The minting of Pesos of ·720 fineness was also stopped while a premium of 20 per cent. was offered by the authorities on all silver coins surrendered. The people of Mexico have, however, a strong preference for silver money and in the event of a large proportion of the outstanding currency failing to return, the authorities might find it necessary to augment their stocks of silver in order to cover the new debased silver issue.

Canada was the only country to maintain throughout the war the pre-war price ceiling of 40 cents an ounce, being approximately equivalent to the price of 35⅜ cents for foreign silver which had prevailed in the United States up to the 31st August 1942. During 1945 also, the silver mining industry continued to meet the requirements of the home trade and those of the Royal Canadian Mint at the controlled price, the balance of the domestic production being permitted to be exported under Government licence. From the 1st January 1946 it was proposed to modify the existing arrangements and to permit the small silver producers to export their entire output at the prices prevailing abroad. The major silver producers were, however, to sell approximately 50 per cent. of their output to the home trade at the control price of 40 cents, the balance being permitted to be exported.

The year witnessed a further increase in the consumption of silver in arts and industry. The quantity consumed in some of the countries during the two years 1944 and 1945 is as follows.

	(Millions of fine ounces) 1944	1945	Percentage increase over 1944
United States..	125	140	+ 12·00
United Kingdom	16	20	+ 25·00
Mexico	6·5	9·5	+ 46·15
Canada	5	6	+ 20·00
Total ..	152·5	175·5	+ 15·08

The estimated industrial consumption of silver in the above four countries alone exceeded the estimated production of the Western Hemisphere by nearly 50 million ounces in 1945.

26. *Price of Silver.*—In the tables below are given the highest, lowest and average prices of silver in Bombay, London and New York during the eight years 1938-39 to 1945-46.

BOMBAY

Year	Spot			Settlement		
	Highest	Lowest	Average	Highest	Lowest	Average
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1938-39	53 1 6	48 2 0	51 11 3	52 15 6	48 2 0	50 14 8
1939-40	66 4 0	44 7 6	55 4 9	67 0 0	43 13 6	55 6 5
1940-41	64 13 0	54 10 0	62 8 0	65 2 0	54 13 0	62 0 5
1941-42	97 6 0	61 12 6	66 11 4	91 6 0	61 12 6	65 0 0
1942-43	116 8 0	75 4 0	94 2 6	112 14 0	72 4 0	90 4 6
1943-44	141 8 0	101 8 6	120 7 11	137 0 0	98 4 0	120 2 5
1944-45	143 4 0	113 10 0	128 10 9	141 4 0	111 12 0	127 2 7
1945-46	159 6 0	118 0 0	135 1 11	157 14 0	117 0 0	135 15 4

Year	LONDON				NEW YORK		
	Highest d.	Lowest d.	Average d.		Highest cents	Lowest cents	Average cents
1938–39	21⅛	18 9/16	19 9/16		42¾	42¾	42¾
1939–40	23½	16 1/16	20 13/16		42¾	34¾	37 1/16
1940–41	23½	20⅛	22 13/16		35⅝	34¾	34¾
1941–42	23½	23 3/16	23 7/16		35⅛	34¾	34⅞
1942–43	23½	23 7/16	23½		44¾	35⅛	40¾
1943–44	23½	23½	23½		44¾	44¾	44¾
1944–45	..	..	..		44¾	44¾	44¾
(Apr.-Dec.) ..	23½	23½	23½		..	..	..
(Jan.-Mar.)* ..	25½	25½	25½		..	..	..
1945–46							
(Apr.-Sept.)* ..	25½	25½	25½	(Apr.-Sept.)	44¾	44¾	44¾
(Oct.-Mar.)* ..	44	44	44	(Sep.-Oct.)	70⅝	70⅝	70⅝
				(Oct.-Mar.)	70¾	70¾	70¾

*Per fine ounce.

Statement VIII shows the highest, lowest and average prices of silver in Bombay, London and New York and the stocks in Bombay for each month during 1945-46. In the United States, the Treasury's purchase price of foreign silver, which had remained unchanged at 45 cents per fine ounce since the 1st September 1942, was raised to 71·11 cents per fine ounce on the 21st September 1945, thus restoring parity with the Treasury's purchase price of domestic silver. In consequence, the New York market quotation (official) also moved up from 44¾ cents to 70⅝ cents on the 22nd September and to 70¾ cents on the 10th October at which level it remained for the rest of the year. The official price of silver in London was also raised from 25½d. per fine ounce to 44d. from the 24th September 1945.

Despite encouraging war news, the market evinced an upward tendency during the first half of April on continued cornering by bulls. In order to discourage speculation the Bullion Exchange authorities fixed on the 16th April the maximum penalty for non-delivery at Re. 1 per 100 tolas. Further, on a representation made by the Bullion Exchange, the Reserve Bank of India limited its sales of silver to any one party to 25 bars a day and also issued on the 17th April 1945 a circular to the scheduled banks inviting their co-operation in checking speculative dealings in bullion. The ready rate which had stood at Rs.135-15-0 on the 14th April eased to Rs.129-10-0 by the 18th. The early part of May witnessed a further sharp fall, the ready rate dropping to Rs.124-10-0 by the 8th in Bombay and Rs.121-8-0 in Calcutta. Following a reduction on the 16th May in the amount of daily offer of silver by the Reserve Bank from 300 bars to 150 bars, the market showed a recovery, which was further assisted by the suspension of official sales from the 4th July. Prices advanced to Rs.139-6-0 by the 3rd week of July. A heavy decline followed the termination of the war in the East and the rate in the Bombay market dropped to Rs.118-0-0, being the lowest level reached during the year. In view of the acute shortage of stocks and the consequent widening "budla" charges against the bears which rose to about

Rs.14-0-0, the Bullion Exchange authorities declared a state of emergency on the 21st August and banned further transactions in delivery contracts, outstanding transactions being ordered to be squared up at Rs.123-9-0. From about the close of the month, the market resumed its upward trend assisted, among other factors, by the withdrawal on the 3rd September by the Bullion Exchange authorities of the maximum penalty for non-delivery imposed earlier, and by the United States Government's decision to raise, from the 22nd September, the Treasury's buying price of foreign silver and the consequential increase made in the London price. The ready rate rose to Rs.138-8-0 by the 27th September. During the greater part of the succeeding three months the quotation tended to be on a comparatively lower level, ranging between Rs.135-0-0 and Rs.130-0-0, partly as a result of a slackening demand, and the market's optimistic view of the outcome of the Anglo-American Loan negotiations. The undertone, however, remained firm, the bulls continuing their grip on the market. Following the issue of the Demonetisation of Notes ordinances (*vide* para 80), the market showed a sharp rise, the quotation soaring to Rs.138-2-0 on the 11th January 1946. In order to check a further rise, the Bombay Bullion Exchange authorities declared a state of emergency on the 12th January and fixed the maximum and minimum rates for weekly deliveries at Rs.140-0-0 and Rs.136-0-0. The market, however, continued to rule firm, the ready quotation further advancing to a new high level of Rs.149-3-0 by the 12th February. Towards the close of February, there was a temporary reaction, sentiment being influenced, partly by the favourable progress of the proposed legislation in the United States empowering the Treasury to sell or lease silver to industry and partly by the announcement on the 25th February by the Central Government of the removal of the restrictions on forward dealings imposed by Rule 90C of the Defence of India Rules. Following the announcement of the provision in the Central Budget enhancing the existing import duty on silver from 3 annas 7-1/5 pies to 8 annas per ounce, the market witnessed a sharp rise, rumours regarding a further increase in the price of silver in the United States being a contributory factor. The forward section remained suspended from the 6th March owing to the disinclination on the part of operators to enter into fresh commitments in view of the liability of the buyer to pay any increase in the import duty on gold, silver or sovereigns in terms of Rule 28 of the Exchange. Legal proceedings were instituted by bull interests challenging this rule; pending the hearing of the case on the 28th June 1946, the Bombay High Court first granted an injunction order prohibiting the Exchange from penalising operators for non-payment of the enhanced import duty; towards the close of the month, however, the High Court, on an appeal preferred by the Bullion Exchange, set aside the original injunction order, thus resolving the deadlock in the forward section of the market. Forward trading in silver was resumed on the 29th March, although following the removal of restrictions on forward trading imposed by Rule 90C (referred to earlier), the Bullion Exchange authorities had decided to permit the old system of monthly settlements with effect from the 18th March 1946. In the ready section, the rate, which had stood at Rs.144-8-0 on the 28th February, after a slight decline on the 5th March was continuously marked up until it touched the highest level of the year at Rs.159-6-0 on the 30th March and closed at Rs.159-2-0 on the same date as against Rs.128-9-0 at the end of the previous year. In Calcutta and Lahore the closing prices for the year were Rs.159-8-0 and Rs.155-8-0 respectively.

The extent of fluctuations in the rates for ready silver was Rs.41-6-0 as against Rs.29-10-0 in the preceding year. The monthly average price (spot) for the year worked out at Rs.135-1-11 as compared with Rs.128-10-9 in 1944-45. The premium

on the ready over the forward varied between Rs.5 and *nil* as against Rs.4-8-0 and *nil* during 1944-45.

Official offerings of silver by tender were made during the period 3rd April to 3rd July 1945, at rates varying between Rs.123-6-0 on the 11th May 1945 and Rs.138-4-0 on the 18th June 1945. Official sales during the period 1939-40 to 1945-46 aggregated 181.0 million ounces as detailed below.

(In million ounces)

1939-40	3.0
1940-41	18.0
1941-42	94.0
1942-43	16.0
1943-44	—
1944-45	37.1
1945-46	12.9
Total	181.0

27. *Assaying and Refining of Silver.*—The Calcutta mint received 1,137,675 tolas of silver for purposes of melting and assaying during the year as against *nil* in 1944-45. The receipts by the Bombay mint were higher at 451,670 tolas as compared with 378,021 tolas in 1944-45. The quantity of silver received for refining during 1945-46 at the Bombay mint increased to 51,131,177 tolas from 4,310,278 tolas in the previous year.

IV. FOREIGN EXCHANGE AND EXCHANGE CONTROL

28. *Purchases of Sterling and Remittances.*—Statement IX shows the net purchases of sterling by the Reserve Bank month by month during 1945-46. Owing to a further decline in the favourable balance of trade during the year resulting from a continued increase in imports and a fall in exports, the net purchases of sterling by the Reserve Bank of India showed a decline to £79·3 million from the previous year's figure of £87·0 million. During the first quarter of the year, the monthly net purchases were inordinately low compared with those of the corresponding period of the previous year; they averaged £0.11 million as against £10·04 million in 1944-45. The net purchases during the first half of the year at £31·2 million were lower than the second half at £48·05 million. The monthly net purchases in the last quarter of the year were characterised by an appreciable rise as compared with the corresponding period of the previous year, the peak figure being £16.1 million in March 1946 as against £11.4 million in September 1944. During the year the Bank sold sterling amounting to £42,756,825 as compared with £8,180,825 in 1944-45.

Broadly, the net accretion of sterling assets during the war has resulted from (1) the favourable balance of payments on private account, and (2) the expenditure incurred in India on account of Allied Governments and recoverable from

the British Government. The disposal of sterling assets is indicated by the amounts utilised for the repatriation of debt, the sterling commitments on account of Government and the additions to the sterling balances with the Reserve Bank, as in the following table.

TABLE 9.—ACQUISITION AND DISPOSAL OF STERLING.

(In crores of rupees)

Sources	Sept. 1939 to March 1940	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	Sept. 1939 to March 1946
1. Sterling assets held by the Reserve Bank at the end of the previous period	64	142	144	284	511	945	1,363	64
2. Sterling purchased by the Reserve Bank (gross)*.	86	76	99	127	145	142	138	813
3. Sterling Payments by His Majesty's Government	16	43	199	310	365	357	342	1,632
4. Other Sterling Credits†.	—	4	2	3	9	12	15	45
Total amount of sterling available for disposal and disposed	**166**	**265**	**444**	**724**	**1,030**	**1,456**	**1,858**	**2,554**
Disposal.								
5. Sterling amounts utilised for repatriation schemes	22	89	110	160	16	14‡	—	411
6. Sterling commitments on account of Government	2	32	48	48	67	74	73	344
7. Sterling sales to public ..	—	—	2	5	2	5	61	75
8. Sterling holdings of the Reserve Bank at end of the period	142	144	284	511	945	1,363	1,724	1,724
9. Total Net Sterling Acquisitions since the beginning of war to the end of each period excluding the ordinary annual liability in respect of sterling commitments on account of Government (2+3)—(6+7) progressive	100	187	435	819	1,260	1,680	2,026	2,026

* Represents deliveries under ready and/or forward contracts including amounts of acquisitions of dollar balances and securities, U.S. Treasury Payments etc. † Derived figure. ‡ Includes Rs.13·53 crores being the amount paid on purchase of M. & S. M., S. I. and B. N. Railways.

Payments in sterling amounting to £257 million (Rs.342 crores) were received from His Majesty's Government during 1945-46 as against £267 million (Rs.357 crores) in 1944-45 and £274 million (Rs.365 crores) in 1943-44. The Allied demands for Indian goods and services on defence account tended to decline following the visit of the Hydari Mission to the United Kingdom (*vide* para. 14). The sales of precious metals on official account as a means of meeting a part of the Allied war expenditure in the country also restrained the rise in the accumulation of sterling with the Bank. Following the cessation of hostilities, the recoverable war expenditure on Allied account is placed at only Rs.42 crores in the budget for 1946-47, while the continued increase in India's imports should further lower the rate of accrual of sterling on private account. The total sterling holdings of the Bank at the end of March 1946 stood at £1,293 million or Rs.1,724 crores as against £1,022 million or Rs.1,363 crores at the end of March 1945 and £48 million or Rs.64 crores at the end of August 1939.

29. *Exchange.*—In the sterling exchange market, banks' quotations for ready T.T. remained unchanged throughout the year at 1*s.* 5 31/32*d.* selling and 1*s.* 6 1/32*d.* buying. As a result of further improvement in mail communications and the removal of a considerable degree of transit risks owing to the termination of the European and Japanese wars, the exchange banks on the 9th November 1945 lowered their buying rates for demand and usance bills up to 60 days sight for both ready and forward delivery by a 1/32*d.* and for bills drawn at 3 and 4 months sight by a 1/16*d.* At the same time they extended their ready buying rates to cover deliveries up to 4 months forward. Banks continued to buy T.T. from the public for delivery up to 9 months ahead and demand and usance bills up to 6 months. The same conditions prevailed in the inter-bank market as in the previous year and there was a continued shortage of sterling for ready delivery. The reason for this was mainly that exporters continued to fix their exchange for forward delivery while the demands from importers were almost invariably for ready delivery, so that forward sales of sterling by banks were negligible. The position was further aggravated by increased demands for sterling owing to rising imports. In the previous year in order to meet what was thought to be a temporary situation, the Reserve Bank had agreed to sell sterling for ready delivery to banks at 1*s.* 5 63/64*d.* in cases where they were able to show that they were unable to meet the demands from their constituents. As it became clear that the unbalanced position in the market was likely to continue for some time, and as it also seemed probable that imports into India would soon exceed exports, in which case the Reserve Bank would have to become a regular seller of sterling, on the 24th April the Reserve Bank of India advised banks that it would be prepared to sell sterling to them at 1*s.* 5 63/64*d.* for ready delivery without limit and without any stipulations. No change was made in the Bank's buying policy and it continued to purchase sterling for forward delivery up to 6 months at 1*s.* 6*d.*

The London-New York cross rate remained unchanged during the year at 4.02½ selling and 4.03½ buying. In India, banks' buying rate for telegraphic transfers on New York were unaltered at 332½ selling and 329½ buying. The buying rate for demand bills on New York was increased from 327½ to 328½ on the 2nd June 1945.

30. *Developments in Exchange Control.*—The period under review witnessed the cessation of hostilities both in Europe and Japan and the resumption of financial and commercial relations with many countries previously under enemy occupation.

British territories occupied by Japan such as Burma, Malaya and Hongkong on liberation automatically reverted to their former status as members of the sterling area and the freezing orders issued by the Government of India over the accounts of residents in these territories were withdrawn. In the case of liberated countries in Europe, financial relations were resumed only after the completion of financial and monetary agreements between His Majesty's Government and the Governments of these countries made to cover all financial transactions between them and the sterling area as a whole.

The ending of the war did not result in any change in Exchange Control policy ; India continued to be a member of the sterling area and the same restrictions on the sale of currencies of countries outside the sterling area were maintained. Owing to improvements in the shipping position, it was found possible to relax the import licensing system in respect of imports from sterling area countries which were not affected by exchange considerations but the system of licensing of imports from countries outside the sterling area remained unaltered. The difficult U.S. dollar position of the sterling area as a result of the cessation of lease-lend supplies in September 1945 made it necessary to continue rigid economies in the expenditure of U.S. dollars. The completion of financial agreements between the sterling area and certain European countries, however, resulted in imports being licensed from them. Although available supplies were limited, by the beginning of 1946 imports were commencing to arrive from countries which had not exported goods to India since early in 1940.

Applications for exchange for foreign travel remained subject to individual examination by the Reserve Bank of India in all cases. In line with the recent relaxation of the restrictions in the United Kingdom, limited amounts of foreign exchange were granted for journeys to certain countries for reasons of personal convenience but the amounts allowed were generally insufficient for long visits and the facilities were consequently not utilised to any extent. There was a considerable increase in the number of travellers for business reasons but for this purpose the allotment of foreign exchange was more substantial, and it was considered necessary to limit journeys to those which were considered to be in the country's interest. All applications from businessmen were therefore forwarded to the Commerce Department, who decided whether or not the business to be undertaken justified the grant of exchange. The number of Indian students proceeding to the United States for educational courses in American Universities increased and consisted of students travelling under Government Scholarship Schemes as well as private students. Applications from students in the latter category were only granted on the recommendation of the Educational Adviser to the Government of India.

31. *Burma.*—After the re-occupation of Burma, the Government of India amended the Defence of India Rules so as to permit financial transactions to take place freely between the two countries and Burma returned to the same position *vis-a-vis* India as it had held prior to the Japanese occupation in 1942. Transfers of currency notes and funds between the two countries were allowed freely and the only restrictions that remained were on the export of gold from India, as it was felt that until the Civil Government was properly re-established in Burma, there would be difficulty in preventing the export of gold over its land frontiers. The office of the Reserve Bank of India in Rangoon was re-opened on the 20th August 1945 and the same Exchange Control Regulations were applied in Burma as are at present operating in India.

32. *Monetary Agreements.*—Monetary agreements were concluded with a number of countries during the course of the year by the British Government. These agreements also applied to India, as the arrangements made covered financial transactions with all countries within the sterling area.

In the case of countries which have recently been under enemy occupation the conclusion of these agreements enabled commercial and financial transactions to be resumed. In most cases the agreements provided for the fixing of a rate of exchange between the currency of the country concerned and sterling and an arrangement under which payments between the sterling area and these countries were to be made through the medium of the sterling accounts of residents in these countries. In certain cases the Governments of the United Kingdom and the signing countries agreed to hold each other's currencies up to agreed limits. In all cases the agreements were to be subject to revision in the event of any general international monetary agreement such as would occur when the International Monetary Fund commenced operations. The countries covered by these agreements were as follows :—

Czechoslovakia.—5th November 1945. Parity of exchange fixed at 201·50 Crowns = £ 1.

Denmark.—22nd August 1945. Rate of exchange 19·34 kroners = £ 1. This agreement also covered Greenland and the Faroe Islands. The latter however are still within the sterling area but are later expected to join the Danish Monetary Area consisting of Denmark, Greenland and the Faroe Islands.

Finland.—17th August 1945. This arrangement was of a rather different type as it was made with an ex-enemy country. Special arrangements were made whereby a proportion of payments due to Finland was retained in a special account to meet past Finnish obligations in the sterling area. Finnish assets in the United Kingdom were not released from the control of the Custodian of Enemy Property.

Netherlands.—7th September 1945. Rate of exchange 10·691 guilders = £ 1. This agreement applied to the whole Netherlands Monetary Area consisting of the Netherlands West Indies and the Netherlands East Indies. Owing to the disturbed conditions prevailing in the Netherlands East Indies financial transactions with these territories are at present confined to payments on official account.

Yugoslavia.—No monetary agreement has been completed with Yugoslavia but arrangements were made at the beginning of December 1945 for the resumption of financial transactions with Yugoslavia through the medium of payments through "Yugoslav sterling accounts".

Norway.—8th November 1945. 20 Kroners = £ 1.

In view of the resumption of commercial relations with these countries shipments thereto and also to Greece and Italy were made subject to the Indian Export Control regulations and exports were only permitted subject to declaration on form G. R. that the proceeds would be accounted for in an approved manner.

Monetary agreements were also completed during the course of the year with Switzerland and Turkey. The Anglo-Turkish agreement was completed on the 4th May 1945 and was in supersession of the old Anglo-Turkish agreement. The agreement with Switzerland was signed on the 12th March 1946. The rate of exchange was fixed at 17·35 francs to the pound and in terms of the agreement, Switzerland and the United Kingdom agreed to hold each other's currencies up to certain fixed

limits. The completion of these two agreements facilitated the expansion of trade between the sterling area and the countries concerned.

33. *Methods of Export Finance.*—Three graphs are given on page 46 showing on a percentage basis the different methods used to finance exports to countries outside the sterling area governed by the Export Control Regulations.

Graph I covers shipments to the United States and Graph II shipments to other countries. The proportion of trade financed by different methods changed considerably during the course of the year. In Graph I the most noticeable feature is the increase in the proportion of trade financed by sterling bills on London and in rupees and the reduction in the volume of trade financed in U.S. dollars from the month of September onwards. The reason for this was the termination of the American Registered Accounts system under which American banks in New York undertook to quote sterling at the London Control rates. With the termination of this obligation, the market for sterling in New York became free, and not only were the differences between ready rates narrower than in London but at one time forward sterling was quoted at a discount. As a result of this, it became cheaper for American importers to finance their purchases from India through sterling letters of credit or in rupees as they were able to buy sterling at the finer rates quoted in New York, rather than in dollars at the London Control rates.

In Graph II the rise in the first quarter of 1946 in the percentage of trade financed in rupees, is due to the resumption of exports to China. Following the withdrawal of the Chinese freezing order and the resumption of commercial transactions with China, considerable quantities of raw cotton were shipped to that country which were paid for in rupees.

METHODS OF EXPORT FINANCE

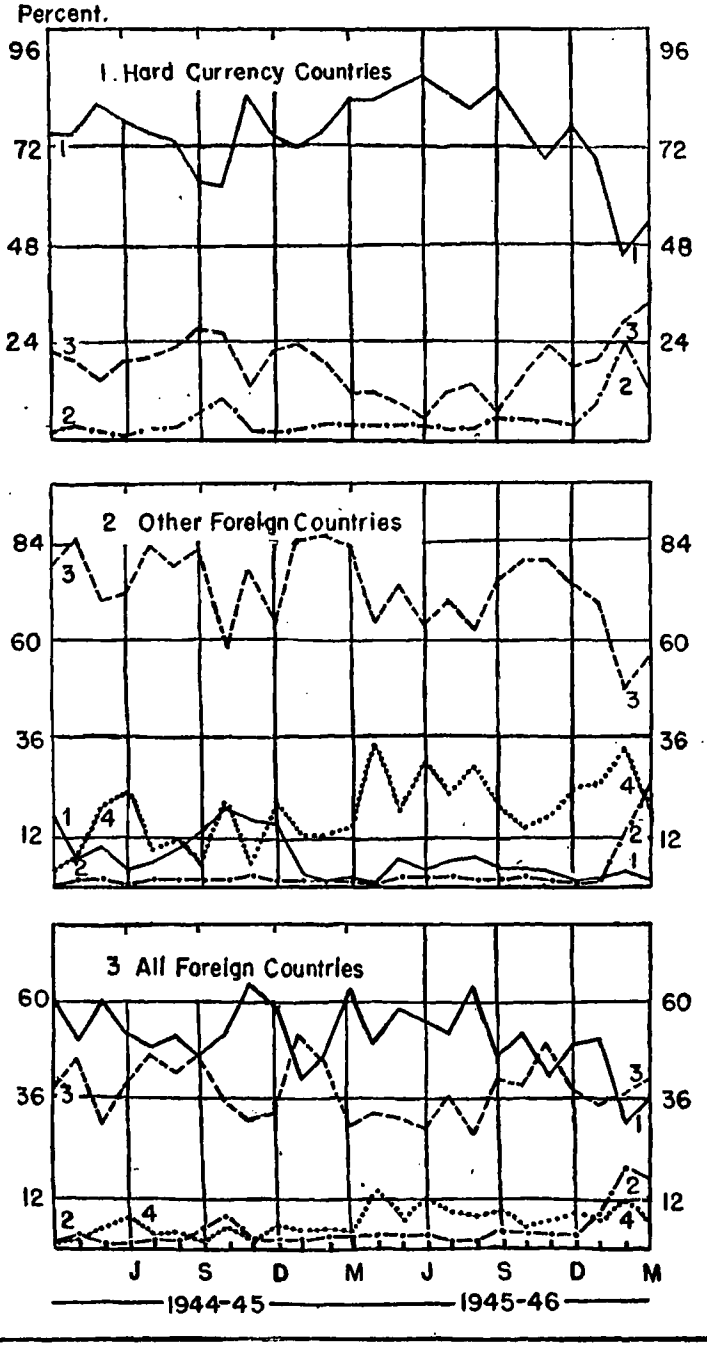
ON PERCENTAGE BASIS

METHOD 1——1 BILLS DRAWN OR REMITTANCES RECEIVED IN CURRENCY OF COUNTRY OF DESTINATION

METHOD 2-·-·-2 BILLS DRAWN OR REMITTANCES RECEIVED IN RUPEES

METHOD 3— — —3 BILLS DRAWN IN STERLING ON LONDON

METHOD 4 ····· 4 BILLS DRAWN IN STERLING ON THE COUNTRY OF DESTINATION



V. PUBLIC FINANCE

A. BUDGETS

CENTRAL GOVERNMENT:

34. *Accounts*, 1944-45.—With revenue and expenditure at Rs.335·57 crores and Rs.496·71 crores respectively, the actual deficit for the year turned out to be Rs.161·14 crores as against Rs.155·77 crores in the revised estimates and Rs.54·70 crores in the budget estimates. The increase in the deficit of Rs.5·37 crores over the revised estimate is due to a larger short-fall in revenue than in expenditure. While revenue declined by Rs.21·31 crores from Rs.356·88 crores in the revised estimates to Rs.335·57 crores in the actuals, expenditure fell by only Rs.15·94 crores from Rs.512·65 crores to Rs.496·71 crores. The fall in revenue was due mainly to a reduction of Rs.21·89 crores in receipts from the Corporation Tax, the increase of Rs.3·13 crores in Income-Tax receipts being counterbalanced by small decreases in other items. The fall in expenditure was due to a reduction of Rs.14·20 crores, spread over many items in the civil expenditure, and a small reduction of Rs.1·74 crores in the defence expenditure.

35. *Revised Estimates*, 1945-46.—The revised estimates for 1945-46 place total revenue receipts and expenditure at Rs.360·66 crores and Rs.505·61 crores respectively as against Rs.362·34 crores and Rs.517·63 crores in the original estimates. The total defence outlay including recoverable war expenditure from His Majesty's Government amounted to Rs.738·42 crores as against Rs.773·73 crores in 1943-44. The estimated deficit was thus reduced by Rs.10·34 crores owing mainly to the decline in the defence expenditure.

Under revenue receipts the main decreases expected are (1) Rs.1·50 crores under Taxes on Income (including Corporation Tax), (2) Rs.1·94 crores under Central Excise, (3) Rs.5·46 crores resulting from the increased share of Income Tax revenue payable to Provinces, and (4) Rs.7·38 crores resulting from the termination, at the end of the war, of the War Risks Factories Insurance Scheme and the War Risks Goods Insurance Scheme respectively on the 1st September and the 1st October 1945. On the other hand, an increase of Rs.9·75 crores is expected under Customs owing to likely improvements in shipping conditions and of Rs.4·52 crores under Currency and Mint owing to an increase in the profits of the Reserve Bank accruing from a larger investment portfolio in the Issue Department.

The decrease in total expenditure is expected to be Rs.12·02 crores resulting from a decline of Rs.17·81 crores in the defence expenditure offset by an increase of Rs.5·79 crores in the civil estimates. The decline from Rs.394·23 crores to Rs.376·42 crores in the defence expenditure, which is by no means appreciable, is accounted for by commitments in respect of war gratuities and similar terminal benefits granted to personnel on discharge. Defence expenditure on capital account has declined from Rs.17·76 crores in the budget estimates to Rs.14·93 crores in the revised, this resulting from an increase of Rs.3·64 crores under "Air Forces" counterbalanced by a decrease of Rs.6·25 crores under Reciprocal Aid owing to the termination of lend-lease arrangements as from the 2nd September 1945. The revised estimates of civil expenditure for 1945-46 placed at Rs.129·19 crores indicate an excess of Rs.5·79 crores over the budget estimates. Miscellaneous expenditure connected with the war will be reduced by Rs.6·55 crores; but this will be more than offset by the grant of a further subvention of Rs.8 crores to Bengal towards famine relief and rehabilitation. This final measure of Central assistance to Bengal brings the total grant to that Province to Rs.18 crores and represents about half the outlay

TABLE 10.—INDIA'S PUBLIC REVENUE, EXPENDITURE AND DEBT SINCE 1937-38.

(In crores of rupees)

	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46 (Revised)	Total 1939-40 to 1945-46	1946-47‖ (Budget)
I. CENTRAL GOVERNMENT BUDGET											
(1) Revenue	86·61	84·52	94·57	107·65	134·57	176·88	252·06	335·57	360·66	1,461·96	311·65*
(2) Expenditure	86·61	85·15	94·57	114·18	147·26	289·05	441·84	496·71	505·61	2,089·22	355·71
(3) Surplus (+) or Deficit (—)	..	—0·63	..	—6·53	—12·69	—112·17	—189·78	—161·14	—144·95	—627·26	—44·06
(4) *Percentage of (1) to (2)*	*100.0*	*99·3*	*100·0*	*94·3*	*91·4*	*61·2*	*57·0*	*67·6*	*71·3*	*70·0*	*87·6*
II. TOTAL GOVERNMENTAL OUTLAYS	86·61	85·15	98·57	167·18	341·26	667·04	857·17	970·38	867·61	3,969·21	398·94
Percentage of I (1) to II	*100·0*	*99·3*	*95·9*	*64·4*	*39·4*	*26·5*	*29·4*	*34·6*	*41·6*	*36·8*	*78·1*
A. ON INDIA'S ACCOUNT	86·61	85·15	94·57	114·18	147·26	341·56	479·30	559·54	520·54	2,256·95	357·28
(1) Civil Expenditure	39·39	38·97	45·03	40·57	43·33	74·43	83·44	101·22	129·19	517·21	111·94
(2) Defence Expenditure	47·22	46·18	49·54	73·61	103·93	267·13	395·86	458·32	391·35	1,739·74	245·34
(*a*) On Capital account	..	..	..	..	..	52·51	37·46	62·83	14·93	167·73	1·57
(*b*) On Revenue account	47·22	46·18	49·54	73·61	103·93	214·62	358·40	395·49	376·42	1,572·01	243·77
(i) Basic Normal Budget	39·20	38·07	36·77	36·77	36·77	36·77	36·77	36·77	36·77	257·39	36·77
(ii) Rise in Prices	..	..	1·19	2·57	4·39	7·97	14·44	18·73	19·22	68·51	17·46
(iii) War Measures (Net)	..	..	3·52	25·90	54·44	161·63	298·75	330·61	309·66	1,184·51	178·62
(iv) Non-effective charges (Net)	8·02	8·11	8·07	8·38	8·33	8·26	8·44	9·38	10·76	61·62	10·93
(3) *Percentage of Defence Expenditure (revenue account) to Expenditure*	*54.5*	*54·2*	*52·4*	*64·5*	*70·6*	*74·3*	*81·1*	*79·6*	*74·4*	*75·2*	*68·5*
B. RECOVERABLE WAR EXPENDITURE	..	..	4·00	53·00	194·00	325·48	377·87	410·84	347·07	1,712·26	41·66
Percentage of B to A (2)	..	..	*8·1*	*72·0*	*186·7*	*121·8*	*95·5*	*89·6*	*88·7*	*98·4*	*17·0*
† III. CENTRAL GOVERNMENT DEBT AT END OF YEAR—											
(1) Sterling Loans	467·89	464·94	439·10	341·11	206·93	50·56	34·70	34·19	*33·93*	—405·17¶	33·73
(2) Rupee Loans	438·40	437·87	450·23	574·55	611·85	748·74	1,006·55	1,212·14	1,489·39	+1,039·16¶	1,674·25
(3) Small Savings‡	137·76	141·45	135·35	108·79	95·56	92·77	118·47	159·18	220·28	+84·93¶	287·78
(4) Treasury Bills and Ways and Means Advances	38·01	46·30	54·70	84·90	136·98	264·70	110·61	86·70	86·70	+32·00¶	100·70
(5) TOTAL INTEREST BEARING OBLIGATIONS (INCLUDING UNFUNDED DEBT AND DEPOSITS)	1,197·16	1,205·76	1,203·86	1,247·67	1,209·21	1,353·13	1,532·47	1,860·44	2,230·11	+1,026·25¶	2,485·34
IV. PROVINCES—											
(1) Revenue	89.44	84·74	90·83	97·48	107·41	124·31	163·31	208·18	209·19	1,000·70	203·54
(2) Expenditure	86.95	85·76	89·22	95·18	103·48	118·18	153·85	204·28	213·75	977·93	211·66
(3) Surplus (+) or Deficit (—)	+2.49	—1·02	+1·61	+2·30	+3·93	+6·13	+9·46	+3·90	—4·56	+22·77	—8·12
(4) Debt Position (Gross Total Debt) §	159.70	163·20	167·61	169·91	169·15	170·26	196·28	174·35	180·14	+12·53	196·90

‖ As presented to the Central Legislature. * Including new taxation. † Items (1) and (5): Capital portion of Railway Annuities is excluded from 1942-43. ‡ Includes (1) Post Office Cash Certificates, (2) Savings Bank Deposits, (3) Defence Savings Certificates since 1940-41, (4) Defence Savings Bank Deposits since 1941-42 and (5) National Savings Certificates since 1943-44. ¶ Variation between 31st March 1939 and 1946. § Includes (1) Permanent debt, (2) Floating debt, (3) Unfunded debt and (4) Loans from Central Government.

on the 1943 famine relief. The rest of the increase is due mainly to the strengthening of the Central revenue organisation and expansion in the "nation building" departments.

36. *Budget Estimates*, 1946-47.—The first peace-time budget has for its background the possible effects on the country's economy of a steep fall in wartime expenditure and income levels, as well as the continued need closely to watch and control the position arising from the wartime legacy of inflation. In attempting to smoothen the transition from war to peace and in the wider aspects of post-war planning, the budget lays increasing stress on subordinating fiscal policies to the broader aims of national economy. With revenue receipts at Rs.311·65 crores and total expenditure at Rs.355·71 crores the deficit envisaged is of the order of Rs.44·06 crores, after taking into account new taxation measures and the transfer to revenue of the balance in the two War Risks Insurance Funds amounting to Rs.26·10 crores.

Revenue receipts budgeted for 1946-47 represent a decline of Rs.49·01 crores compared with the revised estimates for 1945-46, this being due mainly to concessions to taxpayers, particularly those in industries. The decline is accounted for mainly by decreases of Rs.39·75 crores in Taxes on Income and in the Railways' contribution to General Revenues (which is estimated at Rs.7·36 crores as against Rs.32 crores in the revised estimates for 1945-46). This is partly offset by an expected increase of Rs.28·01 crores under other sources of revenue. Corporation Tax and other Taxes on Income are estimated lower at Rs.68·94 crores and Rs.80·31 crores respectively as compared with Rs.89·55 crores and Rs.99·45 crores in the revised estimates for 1945-46, representing an aggregate decrease of Rs.39·75 crores. Receipts from Taxes on Income in 1946-47 will form 37·5 per cent. of the total revenue, as against 49·1 per cent. in 1944-45. Customs and Excise are expected to continue at about the same level and are placed at Rs.65·55 crores and Rs.46·70 crores respectively as compared with Rs.65·00 crores and Rs.46·65 crores in the revised. The proposal to amalgamate the surcharge on Income Tax and Super Tax with the basic rates will benefit the Provinces by increasing their share of the proceeds of Income Tax. The variations in the important heads of revenue (including new taxation) are indicated below.

TABLE 11.—IMPORTANT HEADS OF REVENUE OF THE GOVERNMENT OF INDIA.

(In crores of rupees)

	Heads of Revenue	1938-39 Actuals	1944-45 Actuals	1945-46 Budget	1945-46 Revised	1946-47† Budget	Increase(+) or Decrease(—) in 1946-47 over revised estimates for 1945-46
1.	Customs	40·51	39·76	55·25	65·00	65·55	+ 0·55
2.	Central Excise Duties	8·66	38·14	48·59	46·65	46·70	+ 0·05
3.	Corporation Tax	2·04	84·22	89·67	89·55	68·94	— 20·61
	(Excess Profits Tax)	..	(67·44)	(75·50)	(75·50)	(63·00)	—(12·50)
4.	Taxes on Income other than Corporation Tax*	15·24	107·02	100·83	99·45	80·31	— 19·14
	(Excess Profits Tax)	..	(24·67)	(14·50)	(14·50)	(12·00)	— (2·50)
5.	Currency and Mint	0·58	12·46	12·28	16·80	16·67	— 0·13
	(Profits of the Reserve Bank)	(0·20)	(10·07)	(10·07)	(14·69)	(14·73)	+ (0·04)
6.	Railways' Contribution	1·37	32·00	32·00	32·00	7·36	— 24·64
7.	Posts and Telegraphs	0·19	10·25	11·85	10·67	10·00	— 0·67
8.	Total tax revenue*	76·35	280·86	305·79	313·02	272·97	— 40·05
	Percentage of Taxes on Income to total tax revenue	22·6	68·1	62·3	60·4	54·7	..

* Including Provinces' share. † The changes in the budget as adopted by the Legislature are : Customs, Rs. 64·48 crores; Central Excise Duties, Rs. 44·32 crores; Posts and Telegraphs, Rs. 8·33 crores; Total tax revenue will thus work out at Rs.269·49 crores.

On the expenditure side, defence expenditure will account for Rs.243·77 crores as compared with Rs.376·42 crores in the revised estimates. The relatively large outlay on defence expenditure, even this year, is accounted for mainly by the demobilization programme which will continue to be in progress. The recoverable war expenditure from His Majesty's Government under the Financial Settlement of 1940 (which will continue to operate till the end of 1946-47) will be only Rs.41·66 crores as against Rs. 347·07 crores in the revised estimates for 1945-46, this huge reduction being due to the discontinuance of India as a supply base and a large reduction in the numbers of Indian troops employed overseas. With the termination of the war the Finance Member contemplated the re-introduction, as far as possible, of the pre-war procedure of budgetary control over defence expenditure. Expenditure on the defence services on capital account has been placed at the nominal figure of Rs.1·57 crores, whereas the revised estimates for 1945-46 showed the figure of Rs.14·93 crores. Details regarding defence capital expenditure since this head was first introduced in 1942-43 are shown below.

TABLE 12.—COMPOSITION OF DEFENCE EXPENDITURE ON CAPITAL ACCOUNT.

(In crores of rupees)

	1942-43 Actuals	1943-44 Actuals	1944-45 Actuals	1945-46 Revised	Total from 1942-43 to 1945-46	1946-47 Budget
1. Air Force—Airfields	23·34	14·67	15·82	6·06	59·89	3·05
2. Capital Outlay on Industrial Expansion	5·71	3·32	3·68	1·94	14·65	0·98
3. Reciprocal Aid—Airfields ..	8·56	15·34	15·54	4·49	43·93	..
4. New Constructions for the Royal Indian Navy ..	3·38	0·52	2·16	0·30	6·36	1·54
5. Capital Outlay on Tele-Communication scheme ..	0·08	3·61	5·59	2·14	11·42	—4·00
6. Capital Outlay on Chatfield Modernisation Plan ..	11·44	..	..	..	11·44	..
7. Lump sum payment to H.M. Govt. under the "Non-effective" Agreement ..	..	..	20·00	..	20·00	..
8. Exchange on English Expenditure	..	..	0·03	..	0·03	..
Total ..	**52·51**	**37·46**	**62·82**	**14·93**	**167·72**	**1·57**

Civil expenditure is estimated at Rs.111·94 crores as against Rs.129·19 crores in the revised estimates for 1945-46. Interest charges are higher than in the revised estimates by Rs.8·12 crores and reflect the desire for the continuance by Government of their heavy borrowing programme initiated earlier during the war. A sum of Rs.9 crores has been set aside for expenditure in connection with certain Central schemes of post-war development; of this a sum of Rs.6 crores is proposed to be spent on the resettlement of demobilised personnel.

The new taxation proposals for 1946-47 offer a number of substantial concessions to industry and to persons of moderate means. Such concessions to industry include (1) the complete abolition of the Excess Profits Tax after the 31st March 1946, (2) the grant of special initial depreciation allowances of 10 per cent. on new buildings and 20 per cent. on new plant and machinery as well as allowances for expenditure on scientific research for purposes of Income Tax; the scope of the obsolescence allowance will be widened so as to include the loss of an asset by destruction or demolition, and also extended to buildings, (3) the relief from Customs duty

on raw materials imported for industry and reduction of rates on such imported plant and machinery as are now dutiable, (4) a net reduction of $1\frac{3}{4}$ annas in the present total rate of Super Tax and Income Tax (payable by a company) from $7\frac{3}{4}$ annas to 6 annas, as a result of the lowering of Super Tax by 2 annas and the raising of the Income Tax by $\frac{1}{4}$ anna and (5) the exemption from Income Tax for two years in the case of buildings for residential purposes and an initial depreciation allowance of 15 per cent. for buildings used as business premises. In addition, the total rate on life insurance companies has been reduced from 5 annas 3 pies to 5 annas. Other concessions include (1) the reduction of the rate on the second slab of income of Rs.3,500 from 15 pies to 12 pies and the rate on the third slab of Rs.5,000 from 2 annas 1 pie to 2 annas, and (2) the raising of the earned income allowance from one-tenth of the earned income, (subject to a maximum of Rs.2,000) to one-fifth (subject to a maximum of Rs.4,000). Similarly in the Super Tax range there will be differential treatment in favour of earned income at the rate of 1 anna in the rupee between Rs.25,000 and Rs.2 lakhs and of $\frac{1}{2}$ anna between Rs.2 lakhs and Rs.5 lakhs. Under indirect taxation, the duty on kerosene oil has been reduced by nine pies from 4 annas 6 pies to 3 annas 9 pies per imperial gallon, and on motor spirit from 15 annas to 12 annas per imperial gallon, the latter as an incentive to increased motor transport. The new taxation measures include.

1.	An increase in the rate of Income Tax on the balance of income above Rs.15,000 from 4 annas 9 pies to 5 annas.	Estimated yield Rs. 3.25 crores.
2.	An increase in the number of slabs subject to Super Tax, resulting in a more gradual steepening of the rates, which will be more severe on the largest incomes than at present.	Rs. 75 lakhs.
3.	Additional Super Tax at steepening rates on dividends (other than dividends payable at a fixed rate) in excess of 5 per cent. of the capital of a company (other than a private company) including reserves or 30 per cent. of the total income, whichever is higher, this measure being intended to keep the distribution of dividends within reasonable limits and encourage the ploughing back of profits into industry.	Rs. 1,50 lakhs.
4.	The raising of the surcharge on wines from one-fifth to one-half of the amount of Customs duty.	Rs. 5 lakhs.
5.	The conversion of the *ad valorem* duty on unexposed cinematograph films into a specific duty of 6 pies per linear foot and of 4 annas per linear foot of exposed films.	Rs. 45 lakhs.
6.	An increase in the duty on imported betel-nuts to a standard rate of $5\frac{1}{2}$ annas per pound (without surcharge) with a preference of 6 pies per pound for British colonies.	Rs. 1.55 lakhs.
7.	The amalgamation of the Customs duty on cotton of 1 anna per pound under the Tariff Act and the duty	

of 1 anna per pound under the Cotton Fund Ordinance of 1942 into a consolidated duty of 2 annas per pound (without any surcharge) wholly leviable under the Indian Tariff Act.

8. The imposition of a specific duty (without surcharge) on imported gold bullion and coin at the rate of Rs.25 per tola of 180 grains fine and the raising of the existing duty on silver from 3 annas 7½ pies (including surcharge) to 8 annas an ounce (without any surcharge).

The following further concessions estimated to cost Rs.5·12 crores to the Central Exchequer were announced by the Finance Member during the course of discussion on the Budget: (1) reduction in the duty on kerosene by an anna and half instead of only 9 pies as was originally proposed, (2) reduction in the excise duty on betel-nuts from 2 annas to 1 anna per pound, (3) reduction by 6 pies of the increase in the Customs duty on betel-nuts originally proposed in the budget and (4) reduction in the duty on cinematograph films (not exposed) from 6 pies per linear foot as originally proposed to 3 pies.

Other concessions announced were a reduction in the price of a match-box from 9 pies to 6 pies and a similar reduction in the price of a post-card from 9 pies to 6 pies to come into force respectively from the 1st of August and the 1st of July 1946.

Reductions in expenditure arising from the cuts by the Legislative Assembly amount to Rs.93·34 lakhs on revenue account and Rs.3·46 crores under capital disbursements. In consequence of changes in taxation and expenditure, the expected deficit of Rs.44·06 crores for 1946-47 will move up by Rs.4·19 crores to Rs.48·25 crores, with revenue at Rs.341·87 crores and expenditure at Rs.390·12 crores.

With a view to assisting Provincial Governments in implementing their post-war plans, a bill to levy an estate duty on non-agricultural property was introduced in the Central Assembly on the 21st March 1946, following the necessary amendments by Parliament to the Government of India Act 1935. Modelled on the Estate Duty Act of the United Kingdom, it seeks to charge a duty at graduated rates according to the principal value of all property passing on the death of any person whether by disposition of the deceased or by any settlement made by others. Immovable and movable property not exceeding Rs.1 lakh in value and (with certain minor exceptions) property situated outside British India are exempted. The duty is leviable on non-agricultural property, the Provinces being free to levy a similar duty in respect of agricultural property. The basis for distribution of the proceeds as between the Centre and the Provinces will be decided in consultation with the latter. Separate legislation will be undertaken at a later stage to fix the rates of duty, which are expected to vary from time to time.

An innovation in the budget for 1946-47 is the presentation of a Capital Budget separately from the Revenue Budget. The advantage is that it enables a person to focus attention on the productive and dead-weight debts of the Government and their relative disbursements on productive and non-productive schemes. Table on page 53 gives a summary of the distribution of receipts and disbursements of the Government of India on capital account.

TABLE 13.—RECEIPTS AND DISBURSEMENTS OF THE GOVERNMENT OF INDIA UNDER CAPITAL HEADS.

(In lakhs of rupees)

	Receipts	1945-46 Budget	1945-46 Revised	1946-47 Budget
1.	New Loans	350,00	334,00	250,00
2.	Treasury Bills	—	—	14,00
3.	Small Savings	48,50	61,10	67,50
4.	Other Unfunded Debt	4,66	4,12	3,95
5.	Railway Depreciation and Reserve Funds	—6,67	—10,03	—13,72
6.	Railway Betterment Fund	—	—	15,26
7.	Other Miscellaneous Funds	65	61	56
8.	Appropriation for Reduction or Avoidance of Debt	3,00	—15,57	5,00
9.	E.P.T. & Income Tax Deposits	26,25	41,86	—10,82
10.	Repayment of Loans by Provinces	8,66	8,20	5,58
11.	Other Items	50,41	15,85	—32,07
	Grand Total	**485,46**	**440,14**	**305,24**

	Disbursements	1945-46 Budget	1945-46 Revised	1946-47 Budget
1.	Railways	9,50	10,40	23,00
2.	Industrial Development	—	63	3,98
3.	Defence Capital Outlay	17,76	14,93	1,57
4.	Grants to Provinces for Development	—	—	35,00
5.	Discharge of Permanent Debt	60,07	58,79	70,36
6.	Other Loans and Advances	2,29	—1,23	3,47
7.	Advances to Provincial Governments.	3,36	2,81	17,50*
8.	Other Items	4,65	29	18,30
9.	Total Expenditure	97,63	86,62	173,18
10.	Surplus on Capital Account	387,83	353,52	132,06
	Grand Total	**485,46**	**440,14**	**305,24**

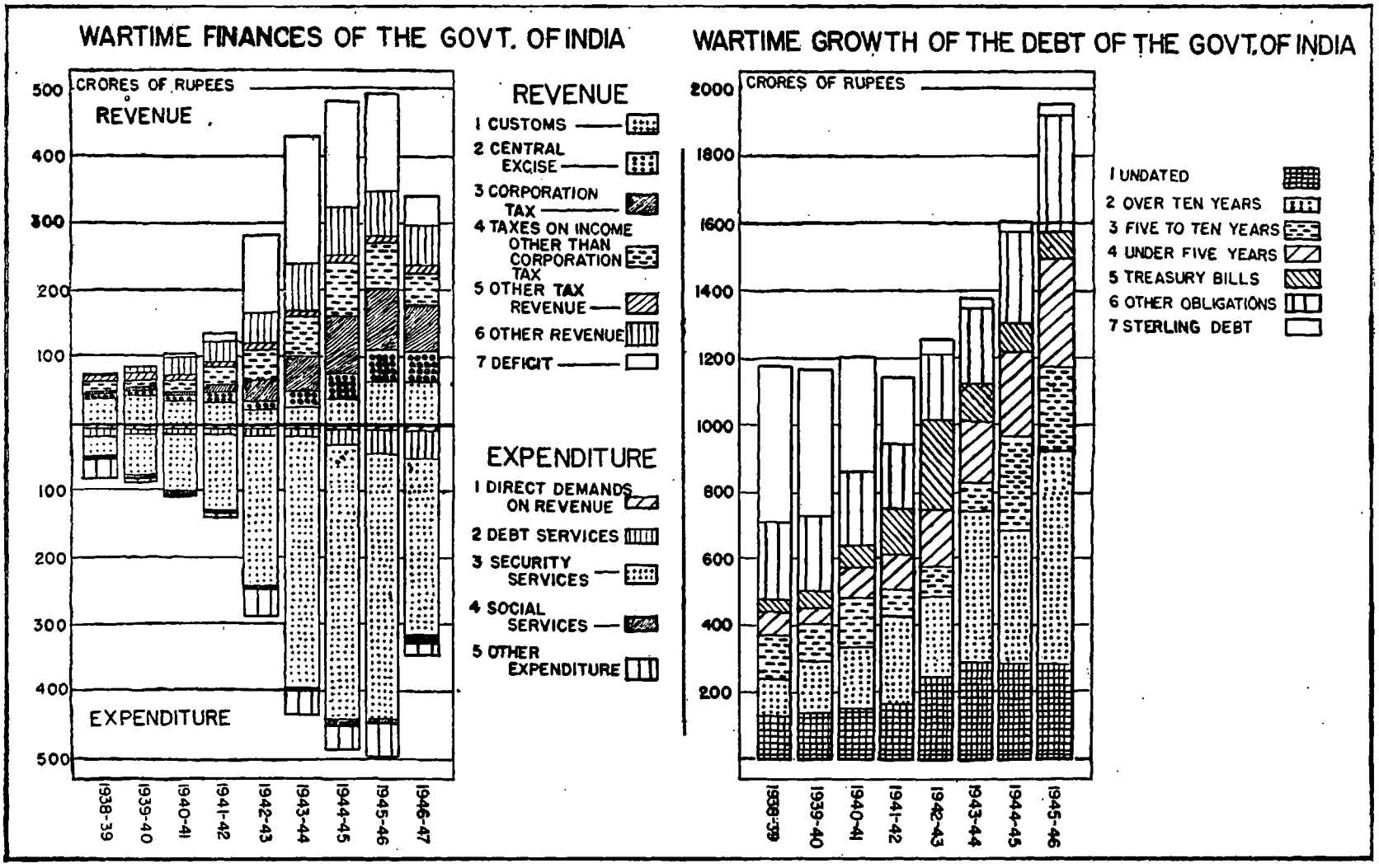
* Includes Rs.2,50 lakhs for loans in furtherance of the Grow More Food Campaign.

The budget provides for a loan programme of Rs.250 crores against Rs.334 crores in the revised estimates for 1945-46. More borrowing, however, might be effected with a view to building up resources for developmental expenditure. The net receipts from treasury bill flotation are estimated to be Rs.14 crores, thus bringing the outstanding amount of floating debt to Rs.97 crores at the end of March 1947. Rs.1 crore have been allotted to finance the purchase of shares in the proposed Industrial Finance Corporation and Rs.28·38 lakhs by way of a grant to the Board of Scientific and Industrial Research for the construction of laboratories. Rs.50 crores have been shown as grants and loans and advances to Provincial Governments for development purposes. Unproductive items include provision for the repayment of the 3 per cent. Defence Bonds 1946 (amounting to Rs.65 crores) in August 1946. The year's transactions on capital account are expected to result in a surplus of Rs.132 crores as against Rs.354 crores in the revised budget.

As regards the financial implications of post-war planning, the provincial five-year plans are estimated to involve an expenditure of the order of Rs.900 crores, a part of which might extend into the second five-year period. In addition to these, Central plans in respect of railways, roads, civil aviation, etc., will also add up to a considerable figure. As an incentive to urgent action and to check possible deflationary effects of the estimated reduction of Rs.600 crores in defence expenditure, the Central Government will assist the Provincial Governments with funds for approved schemes, particularly those which may provide a high proportion of employment relative to their cost or are of a productive or economic importance and calculated to increase the national income. In the case of self-financing schemes the assistance will take the form of loans, while for others advance grants will be made to cover the full cost, which will not be recoverable but will be adjusted against whatever grants the Central Government might allot to the Provinces. A lump sum provision of Rs.35 crores has been made in the budget estimates for 1946-47 for such advance payments and of Rs.15 crores for loans to Provinces for productive development works.

The Central Government have made provision for an expenditure of Rs.49 crores on their own schemes, for developmental purposes, of which Rs.22 crores are in respect of railways. Government's other proposals include (1) the establishment of an Industrial Finance Corporation for providing medium and long-term finance to industries, (2) a subsidised scheme of housing for Government employees as well as industrial workers, towards which the Central Government will contribute 12½ per cent., provided the Provincial Governments also contribute a like percentage and (3) the setting up of a Taxation Enquiry Committee in the near future to examine the present tax structure and the incidence of taxation—Central, Provincial and local —with special reference to its effect on trade, industry, employment and standard of living, and to suggest constructive planning of taxation to ensure the most effective use of the taxable resources of the country.

37. *Wartime Central Finances.*—The diagram on page 55 shows the outstanding features of wartime Central finances—the growing revenue with the returns from direct taxation (mainly from Excess Profits Tax) rising steadily in India as elsewhere, rapidly mounting expenditure chiefly on defence account and the consequential increases in deficits (*vide* table on page 48). Borrowing on a large scale not only enabled the Government to cover the deficits but also assisted them in their fight


WARTIME FINANCES OF THE GOVT. OF INDIA
CRORES OF RUPEES
REVENUE
EXPENDITURE
500
400
300
200
100
100
200
300
400
500
1938-39
1939-40
1940-41
1941-42
1942-43
1943-44
1944-45
1945-46
1946-47
REVENUE
1 CUSTOMS
2 CENTRAL EXCISE
3 CORPORATION TAX
4 TAXES ON INCOME OTHER THAN CORPORATION TAX
5 OTHER TAX REVENUE
6 OTHER REVENUE
7 DEFICIT
EXPENDITURE
1 DIRECT DEMANDS ON REVENUE
2 DEBT SERVICES
3 SECURITY SERVICES
4 SOCIAL SERVICES
5 OTHER EXPENDITURE
WARTIME GROWTH OF THE DEBT OF THE GOVT. OF INDIA
CRORES OF RUPEES
2000
1800
1600
1400
1200
1000
800
600
400
200
1938-39
1939-40
1940-41
1941-42
1942-43
1943-44
1944-45
1945-46
1 UNDATED
2 OVER TEN YEARS
3 FIVE TO TEN YEARS
4 UNDER FIVE YEARS
5 TREASURY BILLS
6 OTHER OBLIGATIONS
7 STERLING DEBT

against inflationary conditions arising from huge defence outlays, including expenditure on Allied account. Total defence expenditure during the period 1939-40 to 1945-46 amounted to Rs.3,452·00 crores made up of Rs.1,712·26 crores on Allied account and of Rs. 1,739·74 crores on India's account (of which Rs.167·73 crores was on capital account).

Total revenues, both tax and non-tax, increased rapidly. Customs receipts in contrast began to shrink owing partly to transport difficulties as the war reached its climax. From being the main source of revenue in 1938-39 at Rs.40·51 crores it dwindled to Rs.25·12 crores in 1942-43, although it recovered to Rs.39·76 crores by 1944-45 and is placed at Rs.65 crores in the revised estimate for 1945-46. Central Excise duties expanded during the war years to a remarkable extent reflecting the increased purchasing power in the hands of the public. From Rs.8·66 crores in 1938-39 they grew to Rs.38·14 crores by 1944-45 and Rs.46·65 crores in the revised estimate for 1945-46. This expansion has been secured not only by enhancing the rate on the existing items, but also by adding new items such as tobacco, vegetable products, betel nuts, coffee and tea. The largest expansion in yield was, however, from direct taxation under Corporation, Income and Excess Profits taxes. These three taxes contributed an increasingly higher portion of the total revenue, from 20·2 per cent. in 1940-41 to 49·1 per cent. in 1944-45. From 1942-43 to 1945-46 one-half to three-fifths of the total revenue was due to these taxes. Total collections under Excess Profits Tax since its introduction in April 1940 to the end of 1946-47 (Budget) would amount to Rs.350·18 crores or 43·0 per cent. of the total taxes on income or 19·3 per cent. of the total revenue during these years before deducting the Provincial share. Total tax revenue increased from Rs.72·34 crores in 1938-39 to the peak of Rs.282·67 crores in the revised estimates for 1945-46. Non-tax revenue also spurted up, specially after 1940-41, owing mainly to increased contributions from Railways and Posts and Telegraphs and the larger profits of the Reserve Bank of India.

The expenditure under defence mounted up steadily, especially after 1941-42 *i.e.*, after the entry of Japan into the war. From Rs. 49·54 crores in 1939-40 it rose to the peak figure of Rs.458·32 crores in 1944-45, the last full year of the war. The charges for the servicing of debt more than doubled, from Rs.14·12 crores in 1938-39 to Rs.22·21 crores in 1944-45 and Rs.33·85 crores in the revised estimates for 1945-46 and this might have been larger but for decreases in the effective rates of interest.

Deficits on revenue account grew in size from Rs.6·53 crores during 1940-41 to Rs.12·69 crores in 1941-42 and Rs.112·17 crores in 1942-43 reaching the peak figure of Rs.189·78 crores in 1943-44. With the deficit of Rs.161·14 crores during 1944-45 and of Rs.144·95 crores during the year under review the total volume of deficits during the period 1940-41 to 1945-46 comes to Rs.627·26 crores.

Another significant feature of the war was the accumulation of huge sterling balances in London of the order of Rs.1,654·71 crores, which enabled the Government to repatriate their sterling debt amounting to Rs.429·28 crores. Part of the repatriated debt was cancelled and the rest issued as counterparts, which partly accounts for the large increase in the rupee debt of the Government of India.

38. *Railway Budget.*—The table on page 57 compares the budget estimates of State-owned railways including worked lines for 1946-47 with the budget and revised estimates for 1945-46 and the actuals for 1944-45 and the pre-war year 1938-39.

TABLE 14.—REVENUE, EXPENDITURE AND RESERVES OF INDIAN RAILWAYS.

(In crores of rupees)

	1938-39 Accounts	1944-45 Accounts	1945-46 Budget	1945-46 Revised	1946-47 Budget
I. Receipts and Expenditure.					
Gross Traffic Receipts	99·62	2,16·38	2,20·00	2,25·00	1,77·00
Total Working Expenses	69·18	1,42·28	1,59·87	1,69·30	1,40·68
a. Net Traffic Receipts	30·44	74·10	60·13	55·70	36·32
b. Net Miscellaneous Receipts	0·23	3·24	3·77	3·73	3·14
Net Revenue (a + b)	30·67	77·34	63·90	59·43	39·46
Interest charges..	29·30	27·45	27·39	27·36	27·24
II. Surplus	**1·37**	**49·89**	**36·51**	**32·07**	**12·22***
Contributions to General Revenues	1·37	32·00	32·00	32·00	7·36
Contributions to Railway Reserve Fund ..	..	17·89	4·51	0·07	1·86
Total Expenditure charged to Capital ..	2·33	18·16	9·50	10·40	23·00
Total Expenditure charged to Depreciation Fund	7·08	8·18	22·50	18·85	15·00
III. Capital at charge at the end of the year.	**7,55·26**	**7,87·00**	**7,99·09**	**7,97·40**	**8,20·40**
IV. Depreciation Reserve Fund	**19·61** †	**92·30**	**98·09**	**1,02·21**	**1,00·61**
Net accretions during the year	5·48	8·83	—5·38	—1·60	—1·78
Closing Balance	25·09†	1,02·21‡	92·71	1,00·61	98·83

* Of this surplus Rs.3 crores have been earmarked for contribution to the Railway Betterment Fund. † Includes Rs.9 lakhs on account of loans to branch line companies and also Rs.31 lakhs on account of investments in branch line shares. In 1942-43 these amounts were transferred to the Railway Reserve Fund Investment Account. ‡ Includes Rs.1·08 crores transferred from Renewal Reserve Fund for permanent way and rolling stock of the Bengal Nagpur, Madras and Southern Mahratta and South Indian Railways.

The accounts for 1944-45 showed a surplus of Rs.49·89 crores, which exceeds the revised estimate by Rs.7·88 crores but is less than the record surplus of the previous year by Rs.95 lakhs. The improvement over the revised estimates was due to an increase of Rs.2·08 crores in gross traffic receipts and a decrease of Rs.5·21 crores in total working expenses. The increase in gross traffic receipts was brought about mainly by a rise of Rs.4 crores in passenger earnings, mostly civilian, and of Rs. 1·96 crores in goods earnings, partly offset by a fall of Rs.3·86 crores in other coaching traffic earnings. Out of the surplus for the year, in accordance with last year's decision to credit the General Revenues with a fixed contribution of Rs.32 crores in each of the two years 1944-45 and 1945-46, the General Revenues received Rs.32 crores, and the remaining Rs.17·89 crores were transferred to the Railway Reserve Fund, bringing the balance in that Fund to Rs.37·48 crores.

The revised estimates for 1945-46 place gross traffic receipts at the record level of Rs.225 crores, an increase of Rs.5 crores over the original estimates. Though parcels earnings fell below expectations, and other coaching traffic earnings were

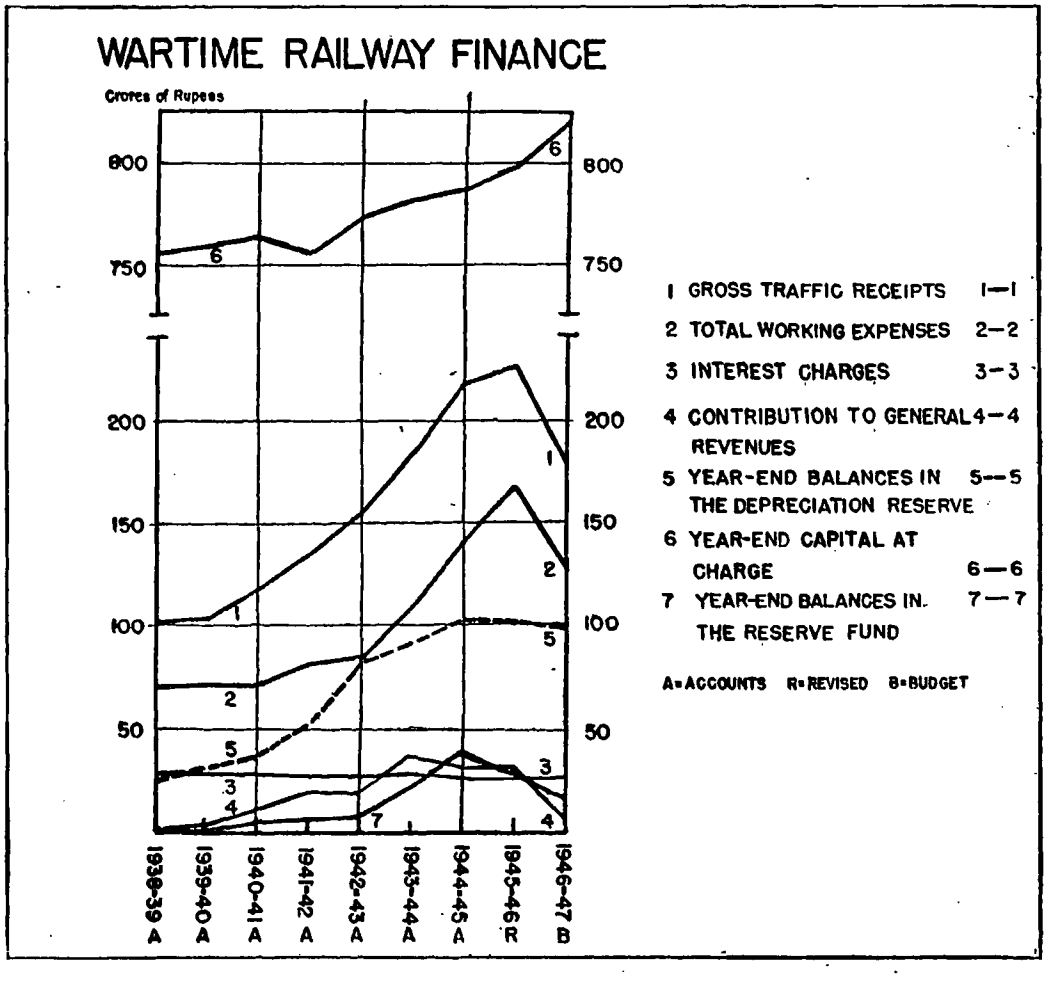
down by Rs.9·87 crores, passenger earnings continued to increase and were higher by Rs.13·30 crores. Total working expenses according to the revised estimates will amount to Rs.169·30 crores, or will exceed the budget estimates by Rs.9·43 crores. Marked increases have taken place under dearness allowance to staff (Rs.4·21 crores), the fuel bill (Rs.2·03 crores) and maintenance (Rs.2·45 crores). Of the surplus of Rs.32·07 crores, which represents a steep fall compared with the surpluses of the two preceding years, Rs.32 crores will be credited to General Revenues and Rs.7 lakhs transferred to the Railway Reserve Fund. The balances at the end of March 1946 in the Depreciation Reserve Fund and the Railway Reserve Fund are estimated respectively at Rs.100·61 crores and Rs.29·05 crores.

The budget estimates for 1946-47 place total traffic receipts at Rs.177 crores and total working expenses at Rs.140·68 crores or lower than the revised estimates for 1945-46 by Rs.48 crores and Rs.28·62 crores respectively. The ordinary working expenses, placed at Rs.125·73 crores, include provision of Rs.10·15 crores on account of the inflationary element in the expenditure. The net surplus, after deducting interest charges of Rs.27·24 crores, will be Rs.12·22 crores. Pending a final settlement under a new Convention, the basis of the Railways' contribution for 1946-47 has been altered so as to make the contribution equal to 1 per cent. of the capital at charge on commercial lines, less loss on strategic lines plus half the balance remaining after setting aside Rs.3 crores for the Betterment Fund. Accordingly, General Revenues will receive Rs.7·36 crores and the Railway Reserve Fund Rs.1·86 crores.

The budget estimates of revenue for 1946-47 have been based on the assumption of continued maintenance of the present level of civilian traffic and the Transport Member hinted at the possibility of an upward revision of rates and fares in case of a deterioration in the budgetary position. A feature of the budget is the decision to create a Betterment Fund for providing better amenities for lower class passengers and railway employees; the proposed Fund will be inaugurated with Rs.12 crores from the Railway Reserve Fund and Rs.3 crores from the surplus of 1946-47.

39. *Wartime Railway Finances.*—As the diagram on page 59 reveals, the war period has been one of financial prosperity for the railways. Gross traffic receipts kept on mounting up from Rs.102·73 crores in 1939-40 to the peak figure of Rs.225 crores in the revised estimates for 1945-46. Total working expenses showed a similar trend, rising from Rs.69·93 crores to Rs.169·30 crores. During the period 1939-40 to 1945-46 traffic earnings recorded an increase of 119 per cent. as against a rise of 142 per cent. in working expenses. The war period has been unique in the railway history of India with surpluses swelling from Rs.4·33 crores in 1939-40 to the peak figure of Rs.50·84 crores in 1943-44. In 1944-45 the surplus was Rs.49·89 crores and the estimated surplus for 1945-46 has been placed at Rs.32·07 crores. With such large surpluses the railways have been able not only to wipe out accumulated arrears of unpaid contributions to General Revenues which amounted to Rs.35·41 crores at the end of 1938-39 and to repay borrowings of over Rs.30 crores from the Depreciation Reserve Fund, but also to contribute to General Revenues substantial surpluses amounting in all to Rs.158·43 crores, the Railway Convention of 1924, providing *inter alia* for the allocation of the railway surplus as between the railways and General Revenues, being appropriately modified. In 1943-44 the contribution reached the peak figure of Rs.37·64 crores and it was fixed at Rs.32 crores for each of the two following years. These contributions, part of which in the ordinary course would have augmented the railway reserves, assisted considerably in lessening the

strain on the Central Revenues. In addition, the railways themselves built up during the war large reserves, the balances in the Depreciation Reserve Fund and the Railway Reserve Fund at the end of 1945-46 being Rs.100·61 crores and Rs.29·05 crores respectively as against Rs.25·09 crores and Rs.48 lakhs only at the end of 1938-39. The Railway Reserve Fund, however, amounts to little more than a year's interest on the present capital at charge, and the War Transport Member referred in his Budget speech to the need for revising the basis of the Depreciation and other funds.



A large part of the increase in receipts has been due to passenger earnings which rose from Rs.27·78 crores in 1939-40 to Rs.81·30 crores in the revised estimates for 1945-46. Other coaching traffic earnings rose six-fold from Rs.5·41 crores in 1939-40 to Rs.32·24 crores in 1944-45, although the revised estimates for 1945-46 place them at Rs.27 crores. Goods traffic earnings rose steadily from Rs.68·07 crores in 1939-40 to Rs.110·55 crores in the revised estimates for 1945-46. On the side of expenditure, increases have taken place chiefly under the heads (1) " Maintenance and Supply of Locomotive Power " which rose two and a half times from Rs.18·08 crores in 1939-40 to Rs.45·48 crores in the revised estimates for 1945-46, (2) " Expenses of the Traffic Department " which almost doubled from Rs.10·04

crores to Rs.19·23 crores and (3) "Miscellaneous Expenses" which nearly increased five-fold from Rs.4·51 crores to Rs.21·86 crores. Increased expenses have been due chiefly to heavier wage and fuel bills and to sundry abnormal charges, such as those due to the policy of writing down rolling stock purchased at high prices.

Although capital at charge has risen by Rs.38·78 crores from Rs.758·62 crores at the end of 1939-40 to Rs.797·40 crores at the end of 1945-46, interest charges have actually shown a slight decline from Rs.29·11 crores in 1939-40 to Rs.27·36 crores in the revised estimates for 1945-46, showing the effect of a slight reduction in interest rates.

40. *Provincial Budgets.*—Statement X shows receipts and expenditure on revenue account of the Provinces for the years 1944-45, 1945-46 and 1946-47 and the pre-war year 1938-39. The following table presents consolidated figures for revenue, expenditure and surpluses or deficits.

(In lakhs of rupees)

	1938-39 Accounts	1944-45 Accounts	1945-46 Budget	1945-46 Revised	1946-47 Budget*
Revenue	84,74	208,18	188,17	209,19	203,54
Expenditure	85,76	204,28	191,74	213,75	211,66
Total surpluses	62	8,63	5,26	3,01	1,84
Total deficits	1,64	4,73	8,83	7,57	9,96
Total net surpluses (+) or deficits (—) ..	—1,02	+3,90	—3,57	—4,56	—8,12

* Subject to revision by popular Ministries in certain Provinces.

Revenue and expenditure in 1944-45 were at the high level of Rs.208·18 crores and Rs.204·28 crores respectively; the revised estimates for 1945-46 show a considerable increase over the budget estimates and a slight rise over the actuals for 1944-45, indicating continued war-time prosperity resulting from higher prices and better taxes as well as attempts, through expenditure on developmental plans, to maintain economic activity during the transitional and post-war periods. The estimates for 1946-47 are placed at Rs.203·54 crores and Rs.211·66 crores for revenue and expenditure respectively and show a slight fall of 3 per cent. and 1 per cent. over the revised estimates for 1945-46. The surplus for 1944-45 has been replaced by deficits of Rs.4·56 crores in 1945-46 and of Rs.8·12 crores in 1946-47, chiefly owing to the heavy deficits suffered by Bengal as a result of the 1943 famine.

It would seem that provincial revenue and expenditure have moved to about 2½ times the pre-war level and with the development contemplated under the five-year plans may be expected to move still higher. Owing to better Income Tax receipts by the Centre, the provincial share of Income Tax has risen steadily, so that in every Province it forms a considerable proportion of the total revenue of the Province. The amalgamation proposed in the Central Budget for 1946-47 of the surcharges on Income Tax and Super Tax with the basic rates will swell the revenue allotted to the Provinces during 1946-47 to Rs.32·39 crores, that is, an increase of Rs.3·64 crores over the allotment of Rs.28·75 crores for 1945-46. The increases under Land Revenue in 1944-45 and 1945-46 over the yields in 1938-39 have in all cases been very appreciable; the returns under the budget estimates for 1946-47, while they continued to be substantially above the pre-war figures, tended to decline in a greater or smaller degree in most of the Provinces. Similarly the budget

estimates for 1946-47 show a fall under Excise which had shown the largest rise in most cases during war years. In Madras the yields in 1944-45, 1945-46 and 1946-47 are placed at Rs.12·78 crores, Rs.16·53 crores and Rs.13·00 crores respectively as against Rs.3·72 crores in 1938-39. In Bombay the yields are respectively Rs.7·56 crores, Rs.7·89 crores and Rs.6·83 crores as against Rs.2·90 crores. The war-time shift in the provincial revenues is indicated by the fact that between 1938-39 and 1945-46 the percentage of Land Revenue to total revenues declined from 30·6 to 14·6 while the percentage of Excise to total revenues increased from 16·0 to 24·5. During the period the expenditure on social services has more than doubled in most of the Provinces and in some cases trebled, the total provincial outlays on social services rising from Rs .21·77 crores in 1938-39 to Rs.46·42 crores in 1945-46.

The large provincial expenditures have helped to keep the national economy at a high level; and expenditure on developmental schemes is looked upon as one of the ways in which employment may be found for demobilised personnel and economic activity stimulated.

New taxation measures during 1945-46 included the enhancement of (1) the Excise Duty in the United Provinces to discourage consumption of alcohol and (2) the rates of Sales Tax, in Bengal in order to enable the Province to meet a part of its budgetary deficits. It is realised that additional resources would be needed to meet developmental expenditures and further measures of taxation have been accordingly contemplated by Provinces. For example, Madras has proposed the levy of an Agricultural Income Tax and Bombay that of a Sales Tax.

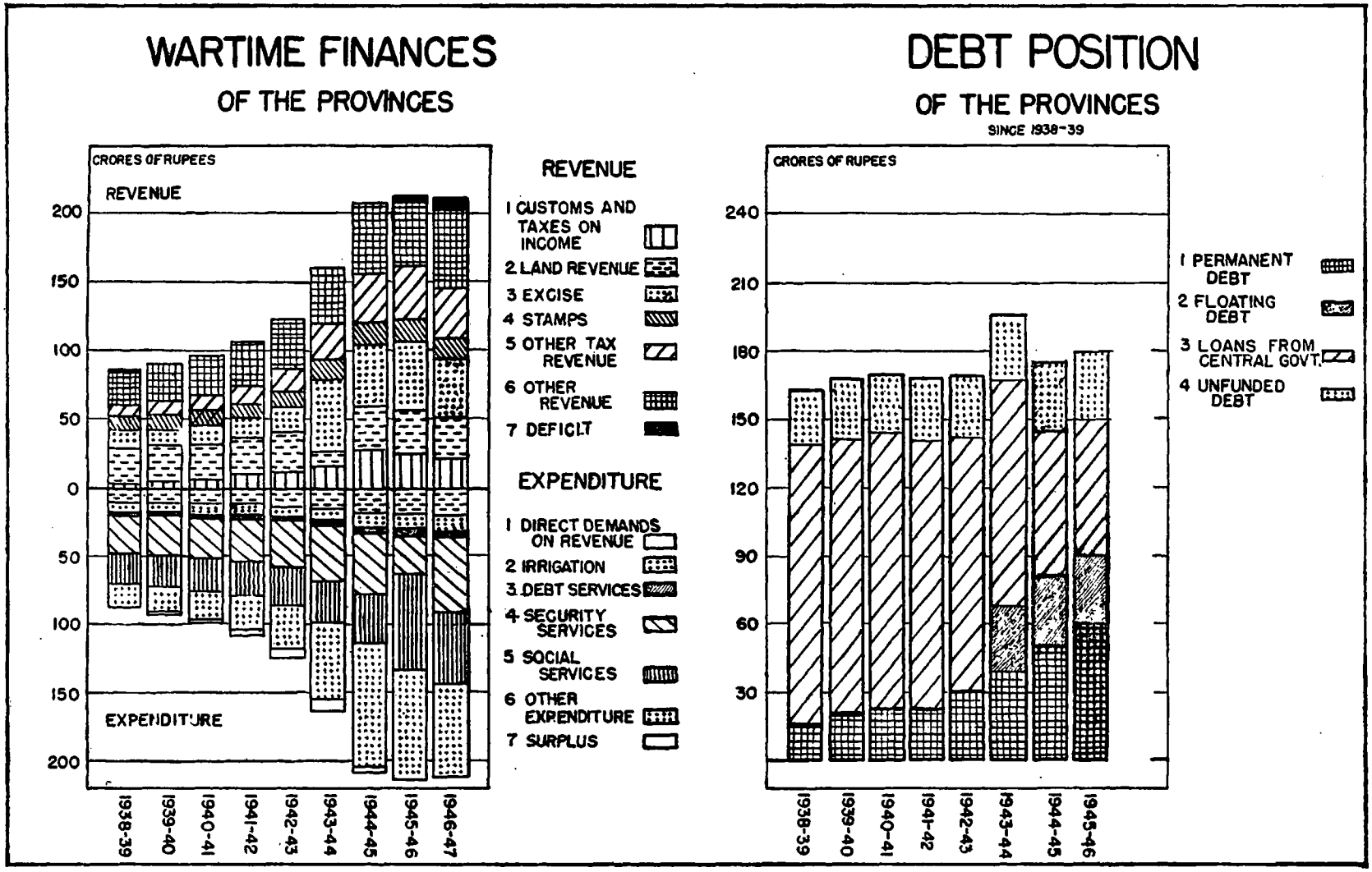
War-time surpluses have enabled most of the Provinces to build up, particularly during the last three years, substantial resources for post-war planning and development. Provincial Governments are expected to have by the end of March 1946 balances of the order of Rs.70 crores and to acquire during the next six years revenue surpluses totalling some Rs. 100 crores. The main features of war time Provincial finances are brought out in the diagram on page 62.

41. *Subventions and Payments from the Centre.*—The table below shows the subventions and other payments made by the Central Government to the Provinces since 1937-38 in terms of the Government of India (Distribution of Revenues) Order of 1936 as amended in February 1940 and subsequently; the table also includes special grants by the Centre.

TABLE 15.—ALLOCATION OF TAX PROCEEDS, SUBVENTIONS AND GRANTS-IN-AID TO PROVINCES.

(In crores of rupees)

Year	Income Tax	Jute Duty	Subventions	Other grants-in-aid	Total
1937-38	1·25	2·65	3·12	....	7·02
1938-39	1·50	2·51	3·03	....	7·04
1939-40	2·79	2·56	3·03	....	8·38
1940-41	4·16	1·85	3·03	....	9·04
1941-42	7·39	1·95	3·03	....	12·37
1942-43	10·90	1·40	2·75	0·01	15·06
1943-44	19·50	1·38	2·75	3·00	26·63
1944-45	26·56	1·49	1·70	7·00	36·75
1945-46 (Revised)	28·75	1·60	1·70	8·00	40·05
1946-47 (Budget)	32·39	1·45	1·70	....	35·54


WARTIME FINANCES
OF THE PROVINCES
CRORES OF RUPEES
REVENUE
EXPENDITURE
200
150
100
50
0
50
100
150
200
1938-39
1939-40
1940-41
1941-42
1942-43
1943-44
1944-45
1945-46
1946-47
REVENUE
1 CUSTOMS AND TAXES ON INCOME
2 LAND REVENUE
3 EXCISE
4 STAMPS
5 OTHER TAX REVENUE
6 OTHER REVENUE
7 DEFICIT
EXPENDITURE
1 DIRECT DEMANDS ON REVENUE
2 IRRIGATION
3 DEBT SERVICES
4 SECURITY SERVICES
5 SOCIAL SERVICES
6 OTHER EXPENDITURE
7 SURPLUS
DEBT POSITION
OF THE PROVINCES
SINCE 1938-39
CRORES OF RUPEES
240
210
180
150
120
90
60
30
1938-39
1939-40
1940-41
1941-42
1942-43
1943-44
1944-45
1945-46
1 PERMANENT DEBT
2 FLOATING DEBT
3 LOANS FROM CENTRAL GOVT.
4 UNFUNDED DEBT

The amended Order enabled the Centre to retain from the provincial moiety, for each of the three years beginning with 1939-40, a sum of Rs.4½ crores in addition to its own share of the divisible pool of Income Tax. This arrangement was continued by amendments to the Order in April 1943 and each of the following years. The amount which the Centre would retain from the provincial moiety in 1946-47 is placed at Rs.3·75 crores only, that is, one-sixth less than in the previous year, as the amount retained out of the provincial share is being re-assigned to the Provinces over the five years commencing with 1946-47 under sub-section (*b*) of Section 138(2) of the Government of India Act, 1935. Statement XI gives fuller particulars of the payments in respect of each Province.

The revised estimates for 1945-46, as indicated in the table below, show a record figure of Rs.28·75 crores available for distribution among the Provinces, although the budget had placed the figure lower at Rs.23·29 crores in view of an anticipated decline in Income Tax receipts.

TABLE 16.—DIVISIBLE POOL OF TAXES ON INCOME AND DISTRIBUTION BETWEEN THE CENTRE AND THE PROVINCES.

(In lakhs of rupees)

	1945-46 Budget	1945-46 Revised	1946-47 Budget
Total Taxes on Income other than Corporation Tax, excluding Central Surcharge	62,43	63,78	79,81
Deduct—Portion attributable to taxes on federal emoluments and to Chief Commissioners' Provinces and miscellaneous receipts	6,42	7,25	6,90
Share of cost of collection	43	59	64
Balance	55,58	55,94	72,27
Deduct—Amount to be retained by the Central Government	32,29	32,47	39,88
Amount payable to Provinces	23,29	23,47	32,39
Add—Previous year's arrears	....	5,28	....
Total	23,29	28,75	32,39

The budget for 1946-47 estimates the share of Income Tax revenue payable to Provinces at Rs.32·39 crores, the Provinces benefiting from the amalgamation of surcharges on Income Tax and Super Tax with the basic rates; the amalgamation is estimated to raise the Provinces' share by Rs.12·75 crores during 1946-47.

The share of jute export duty assigned to the producing Provinces has been showing a slight increase, every year, since 1943-44. In that year, it was Rs.1·38 crores; in the following year, it stood at Rs.1·49 crores; the revised estimates for 1945-46 place it at Rs.1·60 crores but the budget estimates for 1946-47 at Rs.1·45 crores. The grants of Rs.3 crores, Rs.7 crores and Rs.8 crores from 1943-44 to 1945-46 represent the *ex-gratia* subvention to Bengal to enable the Province to meet the heavy expenditure on famine relief.

B. PUBLIC DEBT

42. *War-time Trends in Central and Provincial Debt.*—Table on page 48 and the diagrams on pages 55 and 62 reveal the debt position of the Central and the Provincial Governments during the years 1938-39 to 1945-46. Total Central debt almost doubled itself from Rs.1,179 crores (including Rs.1,158 crores of interest-bearing obligations) at the end of 1938-39 to Rs.1,965 crores at the end of 1945-46, while gross Provincial debt showed a small increase of 10 per cent. from Rs.163·20 crores to Rs.180·14 crores over the same period (*vide* Statement XII). As was noticed in a previous chapter, the year 1942-43 marked the beginning of a new phase in war-time financial developments, both the Central and the provincial debt positions recording significant changes. For the Centre the increase in the rate at which the debt is being incurred is the accompaniment of rising budgetary deficits and inflationary pressures consequent on rapidly mounting war expenditures in India. As regards the Provinces, while in the case of Bengal the increase in debt has been occasioned by the need to cover heavy budgetary deficits arising from the increased expenditure in connection with the 1943 famine, in the case of other Provinces it has been occasioned, especially during the last three years, by advance repayments of the debt due to the Centre and expenditures on productive works.

From 1939-40 to 1942-43, Central debt showed an increase of only Rs.91·49 crores, and the most significant feature was the reduction in sterling debt from Rs.442·49 crores at the end of 1939-40 to Rs.55·59 crores at the end of 1942-43. This reduction in sterling debt was accompanied by a very large rise in treasury bills from Rs.54·71 crores to Rs.264·70 crores (which included large *ad hoc* issues to the Reserve Bank for financing the repatriation of the sterling debt) over the same period, as well as by large increases in both terminable and non-terminable loans. Between 1939-40 and 1942-43 undated rupee debt increased by Rs.105·57 crores, debt with a maturity under five years by Rs.123·45 crores and treasury bills by Rs.209·99 crores. After 1942-43 the total debt increased by large jumps, most of the additions to debt being in the form of terminable loans, particularly the longer dated ones. Between 1942-43 and 1945-46 the dated loans increased by Rs.704·39 crores against a rise of Rs.21·09 crores in undated loans. While undated rupee debt rose by Rs.38·54 crores, debt with a maturity of under five years, between five and ten years and over ten years rose by Rs.148·79 crores, Rs.131·00 crores and Rs.425·12 crores respectively. Treasury bill outstandings fell heavily from the figure of Rs.264·70 crores at the end of 1942-43 to Rs.83·33 crores at the end of 1945-46, following the funding of their floating debt by Government, while the demand for this form of rupee finance slackened with the slowing down of the sterling debt repatriation operations. Between 1938-39 and 1942-43 the sterling debt declined from Rs.469·10 crores to Rs.55·59 crores, the outstandings at the end of 1945-46 being Rs.37·46 crores. Another significant development after 1942-43 is the large amount of collection under the head of small savings, which has risen from Rs.92·81 crores at the end of that year to Rs.220·04 crores at the end of 1945-46. Another feature peculiar to the years 1944-45 and 1945-46 which may be noted is that no ways and means advances were taken from the Bank during those years, as the Central Government's balances with the Bank rose from month to month to the unprecedented level of Rs.527·20 crores at the end of 1945-46 and are the counterpart of the heavy borrowing that has taken place since 1942-43.

As regards the Provincial debt position, although the total amount remained virtually the same between 1939-40 and 1942-43, its constituents varied; permanent

debt increased by Rs.11·47 crores as against a decline of Rs.10·66 crores in Loans from Central Government. After 1942-43 total provincial debt increased to a small extent, rising from Rs. 170·26 crores at the end of that year to Rs.180·14 crores at the end of 1945-46, but was accompanied by a steep rise in permanent and floating debt from Rs.31·07 crores and Rs.82 lakhs to Rs.59·52 crores and Rs.30·88 crores respectively. The sharp rise in the permanent debt partly resulted from the flotation by Provinces of loans to repay part of the debt owed to the Centre and partly to meet developmental expenditure. The large part of the increase in the floating debt is on account of Bengal which during the three years 1943-44 to 1945-46 borrowed on short term Rs.29·00 crores, Rs.35·00 crores and Rs.16·50 crores respectively.

For the first post-war year 1946-47 the borrowing programme of the Central Government is expected to aggregate Rs.300 crores which will not only provide a part of the finance for development schemes but also help mitigate inflationary pressure. Also, the Centre has promised assistance to Provinces by means of grants and loans for meeting part of their developmental expenditures, although Provinces will need to borrow on a large scale to put through their post-war projects.

(*a*) Government Balances and Short-term Borrowing

Central Government :

43. *Balances.*—Statement XIII shows the respective balances of the Central and Provincial Governments with the Reserve Bank of India as well as at Government Treasuries at the end of each month during 1945-46. The average level of month-end balances maintained by the Central Government with the Bank which had taken an upward turn in 1943-44 and had become more pronounced in 1944-45 recorded a further sharp rise during the year under review. The balances which stood at Rs.268·79 crores at the end of March 1945 rose to Rs.486·63 crores in December and to Rs.527·20 crores in March 1946, the progressive increases indicating a very comfortable ways and means position; the sharp rise also reflected the continued success of Government's borrowing, far in excess of their requirements to meet the budgetary deficits, as well as the advance payments of Income Tax and the deposits in respect of the Excess Profits Tax. The average of monthly balances during the year was Rs.402·14 crores or more than twice the average for 1944-45 at Rs.173·69 crores and over thirteen times the average for 1943-44 at Rs.30·25 crores. The highest, lowest and average month-end balances of the Central Government with the Bank for each of the years 1939-40 to 1945-46 together with the closing balances are shown in the table below.

(In lakhs of rupees)

Year	Highest	Lowest	Average	Year-end
1939–40	15,65 (March)	5,03 (July)	8,29	15,65
1940–41	23,08 (February)	3,97 (April)	10,19	13,57
1941–42	58,68 (February)	5,49 (June)	15,77	15,15
1942–43	25,88 (February)	1,57 (August)	12,10	17,41
1943–44	83,49 (March)	8,39 (June)	30,25	83,49
1944–45	270,54 (January)	56,27 (May)	173,69	268,79
1945–46	527,20 (March)	266,61 (May)	402,14	527,20

44. *Treasury Bills.*—Details of transactions in Central Government treasury bills since 1918 are given in Statement XIV. Particulars of the weekly and monthly transactions in these bills during 1945-46 are given respectively in Statements XV and XVI. There was a further, though small, reduction in the total outstandings of treasury bills from Rs. 86·71 crores at the end of 1944-45 to Rs.83·33 crores at the end of 1945-46. The outstandings with the public also declined during the year from Rs.36·83 crores for the week ended the 30th March 1945 to Rs.21·27 crores for the week ended the 14th September, being the lowest level reached during the year, though towards the close they again moved up to Rs.31·46 crores on the 31st March 1946. The average rate of the accepted tenders further declined from Re. 0-7-10 in 1944-45 to Re.0-6-4 per cent. per annum in 1945-46. As against Rs.551·49 crores against an offer of Rs.252·00 crores in 1944-45, total applications during 1945-46 amounted to Rs.204·78 crores against an offer of Rs.160·00 crores, the percentage of applications to amount offered declining from 219 to 128. The weekly offer of Rs.4 crores with which the year commenced was reduced to Rs.2 crores from the 15th May and raised to Rs.4 crores for the four weeks ending the 17th August; it was reduced to Rs.2 crores on the 21st August but again raised to Rs.4 crores on the 27th November, at which figure it remained till the 26th March after which the offer was discontinued. The amount of maturing treasury bills offered in lieu of cash under the option given in 1942-43 to subscribers was higher during the year under review at Rs.26·59 crores as against Rs.20·80 crores, Rs.16·50 crores and Rs.8·31 crores in 1944-45, 1943-44 and 1942-43 respectively.

The amount of Central Government treasury bills sold in favour of the Issue Department of the Reserve Bank of India during the year was higher at Rs.161·99 crores as against Rs.144·81 crores in 1944-45. The requirements of the Provinces in regard to the investment of their surplus funds in the Central Government treasury bills continued to be met from the holdings of the Issue Department, the amount thus sold being replaced by purchases from the Central Government on tap. All the Provinces except Assam, Bengal and the North-West Frontier Province invested in Central Government treasury bills and the total of their investments increased from Rs.89·28 crores during 1944-45 to Rs.105·89 crores during the year of which Bombay held Rs.42·40 crores, Sind Rs. 18·47 crores, the Central Provinces and Berar Rs.17 crores, Bihar Rs.12·12 crores and the United Provinces Rs.10·50 crores. Total bills held by Provinces at the end of the year amounted to Rs.36·80 crores as against Rs.20·55 crores at the end of 1944-45.

Money conditions continued to be easier in 1945-46 than in 1944-45 with large amounts of floating funds seeking investment, although during the closing months of the year from December 1945 to March 1946 a slight stringency was in evidence, owing partly to a diversion of funds for investment in new Government loans, and partly to the low yield obtaining on the bills. During the first three months, April, May and June 1945, applications for treasury bills were greatly in excess of the amounts offered, while in the second half of July and the first half of August, they fell short of the amounts offered; thereafter, except during the week ending the 26th October, tenders exceeded the offers till the end of November. During the remainder of the year, tenders every week, except on the 22nd February 1946, were below the amount offered. Despite the fact that bidding continued to fall short of the amount offered the particularly low level of sales during this period was due to the rejection by the Bank of the greater part of tenders regarded as unduly low.

The weekly average rate of accepted tenders fell from Re.0-5-7 in the first week of April to Re.0-3-11, for the two weeks ending the 6th July, being the lowest on record. Thereafter it rose gradually to Re.0-7-0 by the middle of August, and, after fluctuating between Re.0-5-0 and Re.0-6-0 from the beginning of September to the middle of December, rose again to Re.0-7-0 and during the last four weeks of the year to Re. 0-8-0.

The following table gives the comparative treasury bill rates for the eight years ended 1945 in India and certain other Empire countries and indicates that the rates have generally shown a progressive decline during the war period.

TABLE 17.—TREASURY BILL RATES IN THE EMPIRE COUNTRIES.

(per cent. per annum)

Year	United Kingdom	Canada	Australia	South Africa*	India
1938 Average	0·61	0·59	1·75	0·75	1·30
1939 „	1·19	0·71	1·75	0·75	2·01
1940 „	1·03	0·70	1·58	0·75	1·21
1941 „	1·01	0·58	1·50	0·75	0·74
1942 „	1·00	0·54	1·50	0·75	0·86
1943 „	1·00	0·48	1·46	0·75	0·96
1944 „	1·00	0·39	1·25	0·75	0·57
1945 „	0·90	0·39	(a)	(a)	0·39

* Six months bills. (a) Not available.

45. *Yield on Treasury Bills.*—Statement XVI shows the average true yield per cent. per annum on Central Government treasury bills sold to the public during each month of 1944-45 and 1945-46. The total realizations in respect of treasury bills during the year totalled Rs.117·79 crores as against the aggregate face value of sales of bills of Rs.117·91 crores, the corresponding figures for the previous year being Rs.229 crores and Rs.229·28 crores. The average monthly yield was lower in 1945-46 at 0·40 per cent. than in 1944-45 at 0·49 per cent. It rose from 0·37 per cent. in April to 0·46 per cent. in May, dropping to 0·29 per cent. in June and to 0·26 per cent. in July, the lowest on record. For the next four months it fluctuated between 0·41 per cent. and 0·34 per cent. and rose steadily from 0·41 per cent. in December to close at 0·50 per cent. in March.

46. *Ways and Means Advances.*—With their balances at the Bank continuing at higher levels during the year, the Central Government, for the second year in succession, had no need to approach the Bank for accommodation. In the previous two years, namely, 1943-44 and 1942-43 the amount borrowed by Government from the Bank totalled Rs.31 crores and Rs.162 crores respectively.

PROVINCIAL GOVERNMENTS :

47. *Balances and Ways and Means Advances.*—The aggregate month-end balances of the Provincial Governments with the Reserve Bank of India were on a higher level than in the previous year, except during April, November and December 1945 and January 1946 (*vide* Statement XIII). The average of the month-end balances for the year worked out higher at Rs.19·36 crores as against Rs.17·52 crores in 1944-45, Rs.12·86 crores in 1943-44 and Rs.8·13 crores in 1942-43. The year-end balances of the Provinces aggregated Rs.31·61 crores of which Bengal

accounted for Rs.12·44 crores. The average of the month-end balances maintained at treasuries was also higher at Rs.1·77 crores as against Rs.1·65 crores in 1944-45 and Rs.1·14 crores in 1943-44. The month-end balances of the Government of Burma with the Bank averaged Rs.1,30 lakhs as compared with Rs.94 lakhs in 1944-45 and Rs.69 lakhs in 1943-44.

During the year, all the Provinces with the exception of Bengal, Bihar, the United Provinces and the North-West Frontier Province had recourse to ways and means advances from the Bank. The total advances were lower at Rs.7·67 crores for the year as against Rs.13·01 crores in 1944-45 and Rs.12·42 crores in 1943-44. Assam, Madras and the Punjab accounted for almost the whole of the advances, namely Rs.6·52 crores, their respective shares being Rs.2·95 crores, Rs.2·49 crores and Rs.1·08 crores. There were no outstandings at the end of the year against any Province. The Government of Burma borrowed Rs.24 lakhs during the year as against Rs.1·35 crores in 1944-45, there being no outstandings at the end of 1945-46.

48. *Treasury Bills.*—Statement XVII shows the sales of treasury bills by Provincial Governments during the year under review, while Statement XVIII shows the yearly treasury bill transactions by Provinces since 1938-39 when they first commenced borrowing in this form. The total sales by Provinces during the year at Rs.35·50 crores were lower than in 1944-45 and 1943-44 when they amounted to Rs.53·50 crores and Rs.45·65 crores respectively. The three Provinces which floated treasury bills were Assam, Bengal and Madras, the respective amounts issued being of the face value of Rs.18 crores, Rs.16·50 crores and Rs.1 crore. The outstandings at the end of the year amounted to Rs.11 crores, of which Bengal accounted for Rs.7·50 crores and Assam Rs.3·50 crores. The average yield on provincial treasury bills during the year was lower at 0·44 per cent. compared with 0·56 per cent. in 1944-45, and 0·98 per cent. in 1943-44.

(*b*) Long-term Debt and Other Borrowing

49. *Government of India Loans.*—During the year, in pursuance of their cheap money policy, the Central Government continued to float loans on progressively more favourable terms either by a reduction in the rate of interest on loans or by an increase in their maturity, which meant a lowering of the effective rates of interest. Government's loan programme had, on the whole, a healthy effect and contributed to the firmness of the gilt-edged market during the year. The loans were generally well received, there being a keen demand from institutional investors and the market in general. The new issues, created during the year, of the existing loans were made available for sale on tap, as in previous years, by the Reserve Bank of India on Government account through the usual procedure for the sale of Rupee Counterparts and special issues at prices to be ascertained from the Bank.

The 3 per cent. Second Victory Loan 1959-61 which had been issued on the 19th March 1945 continued to be on tap up to the 15th December 1945 when it was closed. The total subscriptions to this loan amounted to Rs.113·74 crores, including Rs.6·15 crores received from the 19th to the 31st March 1945. The Central Government announced on the 9th April the issue of a cash-cum-conversion loan, namely the 3 per cent. First Development Loan repayable not earlier than the 15th October

1970 and not later than the 15th October 1975. Subscriptions were in the form of cash or of the 5 per cent. (tax-free) Loan 1945-55 which had been notified for repayment on the 15th October 1945. The issue price was Rs.97 (cash) for every Rs.100 (nominal), and the 5 per cent. (tax-free) Loan was accepted at Rs.102-8-0 for every Rs.100 (nominal) tendered for conversion. The list for subscriptions was opened on the 16th April and closed on the 18th, and subscriptions in cash and conversions amounted approximately to Rs.40 crores (nominal). Total subscriptions by the public including conversions amounted to Rs.27 crores, the balance of Rs.13 crores being taken up by Government in their investment account and made available for sale through the Reserve Bank on tap. In view of a steady demand on the part of institutional investors and the market generally for a long-term investment Government created three special issues of this loan, namely Rs.30 crores on the 2nd July, Rs.25 crores on the 15th November and Rs.20 crores on the 16th February 1946; these issues were made available for sale on tap upto the 11th October 1945, 16th February and 16th March 1946. The aggregate face value of this loan totalled Rs.115·06 crores and exceeded the face value of any other single dated loan issued so far. On the 19th April 1945 Government created a further issue of Rs.25 crores of the existing $2\frac{3}{4}$ per cent. Loan 1948-52, the securities being made available for sale on tap upto the 18th September.

On the 9th July 1945 Government announced the issue of a new loan, namely, the $2\frac{1}{2}$ per cent. Bonds repayable at par on the 16th July 1950, the issue price being Rs.100 for every Rs.100 of the Bonds applied for. Subscriptions were to be received from the 16th July and the list was to be closed as soon as it appeared that the total subscriptions amounted to approximately Rs.20 crores. The loan was fully subscribed within an hour of its opening. On the 12th October 1945, Government announced the creation of a special issue of Rs.15 crores of this loan, the new issue being made available on tap upto the 16th February 1946. On the 29th September 1945 Government announced a further issue (fifth issue) of Rs.25 crores of the existing 3 per cent. Loan 1963-65; and on the 8th January 1946 was announced the floatation at par of Rs.25 crores of a medium dated loan carrying interest at $2\frac{3}{4}$ per cent., and repayable at par in 1960. The list for the new loan was opened on the 15th January and closed on the same day, subscriptions having amounted to approximately Rs.25 crores including the amount taken up by Government.

In addition to the new issues the Three Year Interest Free Bonds, first issued in June 1940, were available on tap throughout the year. The option of having the currency of the maturing Bonds extended for a further period of three years continued to be exercised by a good number of the holders. The total net subscriptions (including renewals) from the 6th June 1940 upto the 31st March 1946 were Rs.3·74 crores, the amount repaid and the amount converted into the 3 per cent. Loan 1951-54 being Rs.1·44 crores and Rs.68,100 respectively.

The Five Year Interest Free Prize Bonds 1949, first issued with effect from the 15th January 1944, continued to be available till the entire stock was exhausted in December 1945, the sales having been discontinued earlier at sub-treasuries, Government treasuries, and at the Imperial Bank of India. The facility which had been extended to scheduled banks to purchase the Bonds at a discount was withdrawn from the 1st September 1945. The total sales effected upto the 31st December 1945 were Rs.5·30 crores.

In the following table are given the rates at which the loans on tap issued during the year were made available by the Bank from time to time.

TABLE 18.—RATES AND SALES OF SPECIAL ISSUES DURING 1945-46.

Special issue	Created on	Selling price (Excluding accrued interest)	Price effective from
		Rs. a.	
2¾% 1948-52:			
Rs. 50 crores ..	3— 6—44	99 14	19— 3—45
Rs. 25 crores ..	19— 4—45	100 0	19— 4—45
3% *First Development Loan* 1970-75:			
*Rs. 13 crores ..	19— 4—45	97 0	26— 4—45
Rs. 30 crores ..	2— 7—45	97 2	3— 7—45
Rs. 25 crores ..	15—11—45	97 4	14— 9—45
Rs. 20 crores ..	16— 2—46	97 8	15—11—45
		98 8	29— 1—46
		99 0	16— 2—46
		99 8	26— 2—46
3% 1963-65:			
Rs. 25 crores ..	29— 9—45	99 6	29— 9—45
		99 8	30—10—45
		99 12	22—11—45
2½% *Bonds* 1950:			
Rs. 15 crores ..	13—10—45	100 1	13—10—45

3% *Second Victory Loan* 1959-61:
3% Second Victory Loan 1959-61 subscriptions for which were invited continued to be on 'tap' at *par* (exclusive of accrued interest) up to the 15th December 1945.

*Balance, out of the issue for Rs. 40 crores offered to the publicon the 16th April 1945, taken over in Cash Balance Investment Account and sold on tap.

In contrast with the preceding five years when a progressive increase in the outstandings with the public and the Bank, of rupee counterparts of repatriated loans was recorded, the figures at the end of 1945-46 show a decline of Rs.5·72 crores from Rs.224·26 crores at the end of the preceding year. This is due to a reduction in the 3½ per cent. Rupee Paper following cancellations, which were, however, offset partly by an increase in the 3 per cent. undated Paper. The following table shows the outstandings of the various counterparts as at the end of each year since 1940-41.

TABLE 19.—OUTSTANDINGS OF RUPEE COUNTERPARTS OF REPATRIATED STERLING LOANS.

(In crores of rupees)

	1940–41	1941–42	1942–43	1943–44	1944–45	1945–46
3 per cent. Paper ..	2·89	3·39	3·97	5·28	5·28	6·37
3½ „ „ ..	9·38	17·26	55·73	133·78	148·73	142·15
5 „ 1942–47 ..	7·45	0·29	..	..	..	..
4½ „ 1950–55 ..	18·72	8·08	8·08	6·73	6·74	6·50
4½ „ 1958–68 ..	7·27	5·84	5·84	5·85	5·85	5·85
4 „ 1948–53 ..	6·36	4·72	5·02	5·02	5·02	5·02
3½ „ 1954–59 ..	3·96	12·24	12·32	12·35	12·37	12·37
3 „ 1949–52 ..	5·24	7·28	7·48	7·48	7·48	7·48
3 „ 1951–54*..	..	10·95	16·79	16·79	16·79	16·79
3 „ 1963–65†..	..	13·05	16·01	16·01	16·01	16·01
Total	**61·27**	**83·10**	**131·24**	**209·29**	**224·26**	**218·54**

* Created against conversion of 4½ per cent. Loan 1950-55 for Rs. 15,16,37,400. † Created against conversion of 4½ per cent. Loan 1958–68 for Rs. 13,40,10,200.

Table below shows the total subscriptions to various defence loans, different kinds of postal and other small savings, and issues of counterparts made in connection with the financing of repatriation operations during each of the years 1940-41 (the Defence Loan programme having been started in June 1940) to 1945-46. Investments in Central loans during 1945-46 reached the record figure of Rs.376·56 crores as against Rs.266·93 crores in the preceding year, and Rs.341·49 crores in 1943-44. Investments during the three years 1943-44 to 1945-46 account for nearly 80 per cent. of the total since the programme started.

TABLE 20.—SUBSCRIPTIONS TO INDIAN DEFENCE LOANS INCLUDING SMALL SAVINGS.

(In lakhs of rupees)

	1940–41	1941–42	1942–43	1943–44	1944–45	1945–46	Total
3 per cent. Six Year Defence Bonds :—							
(*a*) First series	71	..	..	..	..	..	71
(*b*) Second series	44,43	..	..	20,00*	..	..	64,43
3 per cent. Second Defence Loan 1949-52	3,47	55,69	..	..	..	..	59,16
Three Year Interest Free Bonds.	2,34	34	32	—1	—9	—63	2,27
3 per cent. Loan 1951-54 (Third Defence Loan)	..	..	40,01	14,79	..	..	54,80
Rupee Counterparts (Net Investments)	61,27	21,83	48,14	78,05	14,97	—5,72	218,54
3 per cent. Loan 1963-65 (Special Issue)	..	..	15,00	15,21	..	25,00	55,21
3 per cent. Funding Loan 1966-68	..	..	..	75,12*	35,00*	..	110,12
3 per cent. Loan 1953-55 (Fourth Defence Loan)	..	..	..	110,85	3,75	..	114,60
Five Year Interest Free Prize Bonds	..	..	..	1,81	2,34	1,15	5,30
3 per cent. Victory Loan 1957 ..	..	..	..	..	114,06	..	114,06
3 per cent. Second Victory Loan 1959-61	..	..	..	..	6,15	107,45	113,60
2½ per cent. Loan 1948-52 ..	..	..	..	..	50,00*	25,00	75,00
2½ per cent. Bonds 1950 ..	..	..	..	..	..	35,09	35,09
3 per cent First Development Loan 1970-75	..	..	..	..	..	115,06	115,06
2½ per cent. Loan 1960	..	..	..	..	..	13,35	13,35
Post Office Cash Certificates ..	—10,04	—7,97	—4,44	7	1,17	2,95	—18,26
Defence Savings Certificates ..	2,29	2,06	1,21	1,41	—55	—50	5,93
National Savings Certificates ..	..	..	..	8,65	19,54	23,02	51,21
Post Office Savings Bank ..	—18,81	—7,44	15	11,96	16,04	33,65	35,55
Post Office Defence Savings Bank.	..	11	29	3,58	4,55	1,69	10,22
Total ..	**85,66**	**64,62**	**100,68**	**341,49**	**266,93**	**376,56**	**12,35,95**

50. *Repayment of Loans.*—The 5 per cent. (tax-free) Loan 1945-55 fell due for repayment on the 15th October 1945 in accordance with the notice of redemption given by Government in April 1945. Of the outstanding balance of Rs. 56·75 crores as at the end of March 1945, Rs.18·92 crores were tendered for conversion into the 3 per cent. First Development Loan 1970-75, first issued in April 1945 (*vide* para 49). The approximate outstandings as at the end of September 1945 were Rs.38 crores of which the amount repaid upto the 31st March 1946 came to Rs.24·48 crores.

* Includes amounts taken up by the Government of India in their Cash Balance Investment Account.

Since 1934-35 a provision of Rs.3 crores has been made annually from revenue for reduction of debt. In view of the growth of public debt during the war years the existing provision has been raised to Rs.5 crores for 1946-47. Particulars for the ast three years are given below :—

(In lakhs of rupees)

	1944-45	1945-46 Revised	1946-47 Budget
1. Sinking Fund	95·04	95·04	..
2. Other appropriations	2,04·96	2,04·96	5,00·00
Total appropriation for reduction or avoidance of debt ..	**3,00·00**	**3,00·00**	**5,00·00**

51. *Composition of Total Rupee and Sterling Debt.*—Statement XIX gives the outstandings of the rupee and sterling debt of the Government of India as at the end of each quinquennium from 1913-14 to 1938-39 and as at the end of each financial year thereafter. The terminable part of the funded debt is classified according to the period of maturities.

The public debt of India registered a further large increase of Rs.355·35 crores, thus raising the total from Rs.1,609·65 crores at the end of 1944-45 to Rs.1,965·01 crores at the end of 1945-46. Sterling debt which accounted for Rs.39·14 crores at the end of 1943-44 and Rs.37·80 crores at the end of 1944-45 stood at the slightly lower figure of Rs.37·46 crores at the end of 1945-46, comprising Rs.33·91 crores of loans and Rs.3·55 crores of service funds.

The total interest-bearing obligations according to the Explanatory Memorandum on the Central Government Budget for 1946-47 increased by Rs.1,050 crores from Rs.1,206 crores at the end of 1938-39 to Rs.2,256 crores at the end of 1945-46 (revised). These figures include liabilities in respect of the British War Loan which remains suspended since 1931-32 and for accounting reasons the capital portion of the Railway annuities which were funded in 1942-43. Similarly the balances of depreciation and reserve funds of Railways, Posts and Telegraphs and certain other deposits mainly in respect of the Excess Profits Tax and the Income Tax are also included. Deducting liabilities in respect of these items, the total regular interest bearing debt may be placed at Rs.1,950 crores at the end of 1945-46 (revised) as compared with Rs.1,158 crores at the end of 1938-39 ; according to the budget estimates it is expected to amount to Rs.2,216 crores at the end of 1946-47. The total interest bearing obligations *including deposits* increased to Rs.1,839 crores at the end of 1944-45 and to Rs.2,210 crores at the end of 1945-46 compared with Rs.1,185 crores at the end of 1938-39 or by Rs.654 crores and Rs.1,025 crores respectively. As against the total debt of Rs.2,256 crores at the end of 1945-46, the assets held by Government totalled Rs.1,549 crores made up of (1) the capital outlay on Railways, Rs.795 crores, (2) capital advance to other Commercial Departments of the Central Government, Provinces and States, Rs.141 crores, (3) debt due from Burma, Rs.48 crores, (4) deposits from His Majesty's Government for redemption of Railway annuities, Rs. 26 crores and (5) cash and securities held on treasury account Rs. 539 crores.

52. *Conversion of Government Promissory Notes into Stock Certificates, and Subsidiary General Ledger Accounts.*—Conversions of Government Promissory Notes into Stock Certificates during 1945-46 amounted to Rs.42·28 crores compared with Rs.44·95 crores in 1944-45 and Rs.50·23 crores in 1943-44, the total amount

converted since the 1st March 1942, when the scheme for conversion (without charge) of Promissory Notes into Stock Certificates and *vice versa* came into force, being Rs.318·61 crores. Reconversions of Stock Certificates into Promissory Notes during 1945-46 amounted to Rs.18·99 crores as against Rs.18·44 crores and Rs.18·66 crores in 1944-45 and 1943-44 respectively, and the aggregate of Rs.68·75 crores since the 1st March 1942. Institutional investors continued to avail themselves of the facility allowed by the Bank for holding securities in Subsidiary General Ledger Accounts. The distribution according to the form in which the total rupee debt is held is shown in the table below.

Percentage to Total Rupee Debt.

As on 31st March	G. P. Notes	Stock Certificates	S.G.L. A/c.	Misc. (i.e., G. P. Notes & Stock held in London)
1942	*53·69*	*15·40*	*30·57*	*0·34*
1943	*25·60*	*31·28*	*42·85*	*0·27*
1944	*32·65*	*28·88*	*38·27*	*0·20*
1945	*37·05*	*25·95*	*36·85*	*0·15*
1946	*37·70*	*22·66*	*39.53*	*0·11*

The preference of the investors to hold Government debt in the form of Stock Certificates has been continuously dwindling for the past three years. Stock Certificates accounted for 22·66 per cent. of the total debt in this year as against 25·95 per cent. in the previous year. As against this, the percentage of debt held in Subsidiary General Ledger Accounts rose from 36·85 at the end of March 1945 to 39·53 at the end of March 1946, while that held in the form of Promissory Notes remained more or less unchanged.

53. *Small Savings.*—Statement XX shows the transactions in Post Office Five Year Cash Certificates since their inception in 1917-18, Ten Year Defence Savings Certificates first introduced in June 1940 and Twelve Year National Savings Certificates issued from the 1st October 1943 to replace the Ten Year Defence Savings Certificates. Statement XXI gives information regarding the Post Office Savings Bank since 1913-14 and the Defence Savings Bank which started operations from the 1st April 1941. Particulars of monthly transactions in the various types of small savings are given in Statement XXII. The net investment during the year in all these forms of savings was higher at Rs.60·80 crores or an average of Rs.5·07 crores per month as against an average of Rs.3·40 crores per month in 1944-45.

National Savings Certificates have been issued by the Hyderabad State Government since June 1944 on the same terms and conditions as applicable to the Post Office Twelve Year National Savings Certificates issued in British India. The settlement of accounts in British Indian Currency is made at a fixed rate of exchange of Rs.116-10-8 of Halisicca (Hyderabad State Currency) for Rs.100-0-0 of British Indian Currency. The Hyderabad State issues of National Savings Certificates amounted to Rs.19 lakhs in 1945-46 as against Rs.15 lakhs in 1944-45. The Post Office National Savings Certificates Rules, 1944, were further amended in April 1945, so as to permit a person who has purchased the certificates on behalf of a minor to nominate the father, mother or legal guardian of the minor to encash the certificates, the same facilities being extended in October 1945 to Defence Savings Certificates. With a view to further popularising investments in these Certificates the Central Government announced in September 1945 that certificates of the denominations of Rs.10 and over, purchased on or after the 1st October 1945, were

encashable on completion of two years from the date of purchase, the period of non-encashability originally fixed being three years. Certificates of the denomination of Rs.5, which were introduced in January 1945, continued to be encashable on completion of eighteen months from the date of purchase. From December 1945, withdrawals from the Defence Savings Bank accounts for investments in National Savings Certificates were permitted. The following table gives particulars of the various forms of small savings from 1940-41 to 1945-46.

(In lakhs of rupees)

Outstandings of	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46*
Cash Certificates	46,98	39,01	34,57	34,64	35,82	38,77
Defence Savings Certificates ..	2,29	4,35	5,56	6,97	6,42	5,93
National Savings Certificates ..	....	....	....	8,65	28,19	51,19
Savings Banks Deposits	59,57	52,13	52,28	64,24	80,28	113,93
Defence Savings Bank Deposits.	....	11	40	3,98	8,53	10,22
Total	**108,84**	**95,60**	**92,81**	**118,48**	**159,24**	**220,04**

* Preliminary.

The yield on the Post Office Five Year Cash Certificates, the Ten Year Defence Savings Certificates and the Twelve Year National Savings Certificates continued unchanged at 2½, 3⅛ and 3½ per cent. (Compound Interest) respectively. New investments in Post Office Cash Certificates during the year improved from Rs.5·48 crores in 1944-45 to Rs.6·66 crores, while withdrawals were lower at Rs.3·71 crores as against Rs.4·31 crores with the result that the amount outstanding at the end of March 1946 was higher at Rs.38·77 crores against Rs.35·82 crores at the end of March 1945. Repayments of Defence Savings Certificates amounted to Rs.50 lakhs, the outstandings being thereby reduced to Rs.5·93 crores at the end of 1945-46. Investments in National Savings Certificates (including the Hyderabad State National Savings Certificates) showed a substantial monthly increase from Rs.1·57 crores in April 1945 to Rs.2·52 crores in March 1946, the total net investments for the year being Rs.23·02 crores as against Rs.19·54 crores in the preceding year and constituted 37·7 per cent. of the aggregate net accrual of Rs.60·80 crores under small savings. Deposits in the Post Office Savings Bank during the year were maintained throughout at the high monthly average of Rs.6·20 crores, the total for the year being Rs.74·42 crores, with withdrawals at Rs.40·77 crores, or a monthly average of Rs.3·40 crores. The outstandings at the end of March 1946 rose to Rs.113·93 crores as compared with Rs.80·28 crores at the end of March 1945. Deposits in the Post Office Defence Savings Bank were considerably lower during the year at Rs.1·71 crores than in the preceding year at Rs.4·37 crores.

Efforts further to popularise the small savings movement were intensified during the year with a view to converting the movement from a war time measure to combat inflation to a peace-time organisation to fulfil a great social end ; the primary object being to encourage savings among the less well-to-do sections of the community who may be induced to put the accumulated savings to productive use and for the creation of additional wealth.

54. *Provincial Loans.*—On the 5th September, three Provincial Governments, *viz.*, Madras, the Punjab and the United Provinces simultaneously announced the flotation of loans of the face value respectively of Rs.3 crores, Rs.3 crores and Rs.2½ crores at a uniform issue price of Rs.99-8-0 for every Rs.100 nominal, bearing interest at 3 per cent. per annum and repayable at par on the 14th September 1960. The proceeds of the first two, namely the Madras and the Punjab Government loans, were intended

to be used for productive capital expenditure, while those of the United Provinces Government loan were for the repayment in part of the Province's consolidated debt to the Central Government. The loans, which were opened on the 12th September, remained open until the close of business on the 14th September and were fully subscribed after a call on the underwriters. The amount of United Provinces Encumbered Estates Act Bonds issued during the year under review was of the value of Rs.57·22 lakhs as against Rs.79·61 lakhs in the preceding year. These Bonds have been issued on tap since 1940 in terms of Section 30 of the United Provinces Encumbered Estates Act 1934 for the relief of encumbered estates in the Province.

No Provincial Government loan fell due for repayment during the year 1945-46; but the 3½ per cent. United Provinces Encumbered Estates Act Bonds of the nominal value of Rs.11·00 lakhs were discharged during the year, the balance outstanding as at the end of March 1946 being Rs.2·57 crores.

55. *Repatriation of Sterling Debt.*—With the virtual completion of the various schemes of repatriation by 1943-44, the debt repaid during 1945-46, as in the previous year, related to repayment of repatriated stocks not surrendered earlier. Table below shows the amounts repatriated and cancelled year by year from 1937-38 to 1944-45 and the particulars of debt cancelled under the various schemes of repatriation during 1945-46.

TABLE 21.—AMOUNTS OF STERLING DEBT REPATRIATED SINCE 1937-38.

Year	Face Value (£ Million)	Purchase Value (£ Million)	Purchase Value (Rs. Crores)	Rupee counterparts created (Rs. Crores)
1937-38	2·99	3·04	4·05	1·12
1939-40	17·09	16·54	22·05	22·79
1940-41	71·29	75·24	100·32	94·86
1941-42	99·04	92·28	123·04	33·58
1942-43	119·00	120·48	161·67	82·62
1943-44	13·02	12·97	17·29	38·42
1944-45	0·41	0·37	0·49	0·17
Total ..	322·84	320·92	428·91	273·56
1945-46				
1. First compulsory scheme of 8th February 1941 (including special arrangements) ..	0·15	0·16	0·21	0·01
2. Second compulsory scheme of 24th December 1941 (including special arrangements)	0·06	0·06	0·07	....
3. Redemption of 3½ per cent. sterling stock 1931 or after	0·06	0·06	0·08	....
4. Repatriation of Railway debenture stocks..	0·005	0·005	0·007	....
Total ..	0·275	0·285	0·367	0·01
Grand Total ..	**323·115**	**321·205**	**429·277**	**273·57**

Of the total amount of £323 million repatriated since 1937-38 at the purchase value of £321 million (or Rs.429 crores), stocks of the value of Rs.155·7 crores or a little over one-third have been cancelled, while rupee counterparts have been issued in respect of the balance of Rs.273·6 crores. During the year 1945-46 stray lots of the face value of £0·28 million were repatriated at a cost of Rs.37 lakhs, the rupee counterparts created being only Rs.1 lakh.

VI. CAPITAL MARKETS, MONEY AND BANKING

56. *Government Securities Market.*—The maintenance of a progressively cheap money policy has had a marked effect in stabilising the Indian gilt-edged market as well as in stimulating interest in it—a feature common to other countries of the world committed to an expansionist economy with full employment as their declared objective. In consequence there has been a lowering of yields on existing securities and a rise in their prices. The prevailing plethoric money conditions continued to impart a steady tone to the gilt-edged market, which ruled generally firm after September 1945 following the end of the war. During the last quarter of the year the trend turned distinctly bullish, especially in the long-dated and non-terminable sections, the closing quotations for the year showing substantial gains over 1944-45. The Economic Adviser's Index Number of the prices of Government Securities (1927-28 = 100) averaged 118·6 in 1945-46 as against 118 in 1944-45 and 117·2 in 1943-44. Commencing with 117·6 in April 1945 it rose gradually and almost continuously with slight set-backs in August, December and February to close at 119·3. Statement XXIV gives the highest and lowest prices of representative rupee securities since 1933-34, while Statement XXIII shows the highest, lowest and average prices and average yield during each month of the year under review.

While comparatively quiet conditions characterised the market in the early part of the year, prices showed an improvement beginning with June owing both to investment and speculative demand. The spurt in prices during the closing months of the year indicated the market's reaction to the Government's cheap money policy. The year saw a number of scrips touch, and soon after cross, par value. On the 17th April the 3½ per cent. Rupee Paper was quoted at Rs. 101-1-0 and reached the highest quotation for the year at Rs. 104-0-0 on the 8th January 1946. Towards the close of the year rumours of repayment of the loan caused wide fluctuations. On the 12th February 1946 the 3 per cent. Loan 1963-65 touched par followed by the 3 per cent. Funding Loan 1966-68 and the 3 per cent. First Development Loan 1970-75 on the 28th February and the 5th March respectively. The 3 per cent. Rupee Paper which had commenced the year at Rs.90-12-0 and from June onwards risen to new heights every month, also touched par on the 22nd March 1946 for the first time since the 22nd July 1896. The closing quotations of these scrips for the year were Rs.103-2-0, Rs.101-15-0, Rs.101-15-0, Rs.101-13-0 and Rs.100-10-0 respectively.

The short-dated securities registered the smallest gains over the year, the medium-dated responded more satisfactorily, while the long-dated and non-terminable securities recorded the largest gains, the 3 per cent. and the 3½ per cent. undated Government Paper showing increases of Rs.9-14-0 and Rs.3-9-0 respectively. Sales on tap by the Bank also contributed to the improvement in quotations as in the case of the 3 per cent. First Development Loan 1970-75 from Rs.97-0-0 on the 4th May 1945 to Rs.101-13-0 by the end of March 1946. The creation of fresh issues of existing loans and the flotation of new loans, both at progressively lower effective rates of interest, also added to the strength of the gilt-edged. Almost all loans touched new high levels during the year, indicating the sustained interest of the public in the gilt-edged. A feature of the year has been a continued shift of the market's preference from medium-dated to long-dated securities, suggesting a disharmony in the yields on the short, medium and long-dated scrips.

Provincial loans, following generally the trend of the Central Government loans, also presented a firm tone throughout the year, most of them gaining from 13 annas to Rs.2-4-0 during the year, the only exception being the 4 per cent. Punjab Loan 1948 which lost 4 annas.

The table below gives the average face value and market value of rupee securities of the Government of India for each year of the decade 1936-37 to 1945-46 and for each of the months of the year under review.

TABLE 22.—FACE VALUE AND MARKET VALUE OF RUPEE SECURITIES OF THE GOVERNMENT OF INDIA.

(In crores of rupees)

Year (1)	Face Value (2)	Market Value (3)	Percentage of (3) to (2) (4)
1936-37	437·33	470·86	107·7
1937-38	437·39	463·86	106·0
1938-39	477·92	471·23	105·2
1939-40	457·56	454·59	99·4
Five pre-war months to August 1939 ·	441·86	453·78	102·7
Seven war months to March 1940 ..	441·32	426·53	96·6
1940-41	502·73	496·73	98·8
1941-42	587·92	589·26	100·04
1942-43	663·84	660·10	99·44
1943-44	873·08	878·58	100·63
1944-45	1,126·28	1,140·09	101·23
1945-46	1,387·23	1,402·67	101·12
Five war-months to August 1945 ..	1,298·02	1,316·17	101·40
Seven post-war months to March 1946	1,450·94	1,464·45	100·91
April	1,267·39	1,282·23	101·17
May	1,290·49	1,305·26	101·14
June	1,285·97	1,305·02	101·48
July	1,285·54	1,307·51	101·71
August	1,360·71	1,380·84	101·48
September	1,391·97	1,415·76	101·71
October	1,391·15	1,414·75	101·70
November	1,440·13	1,362·02	94·58
December	1,454·03	1,480·34	101·81
January	1,479·53	1,509·22	102·01
February	1,500·04	1,531·51	102·09
March	1,499·75	1,537·56	102·50

57. *Industrial Share Markets Abroad.*—As regards security markets both in India and abroad, the year has been an eventful one as it witnessed the end of the two major phases of the war, and the advent to power of the Labour Government in the United Kingdom. Though the war ended as early as in August 1945, the international political situation continued to remain uncertain, and security values were subject to the influence of a variety of national and international factors, political as well as economic. The stock markets emerged from these vicissitudes, however, with renewed strength and optimism. Contrary to expectations in certain quarters, the termination of the war did not lead to any severe shake-out of the markets, which in fact recorded a steady upward trend in share values in most of the countries such as the United States, the United Kingdom, Canada, Mexico and Switzerland. In the Latin American countries no uniform trend is discernible. In France fluctuations have been wide and erratic, and after a severe slump in the middle of 1945, improvement was noticeable towards the end of the year. In Australia and New Zealand the markets have been remarkably steady. The table on page 78 brings out these features clearly.

TABLE 23.—INDEX NUMBERS OF MARKET VALUE OF INDUSTRIAL SHARES.

(*Base : Jan.—June* 1939 = 100)

Country	Average				1945												1946		
	1942	1943	1944	1945	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Canada	67	86	86	103	92	96	97	98	101	105	102	102	105	108	112	116	127	125	..
U.S.A.	77	102	110	133	119	125	123	126	130	132	129	129	139	145	149	154	160	158	156
Chile	106	106	100	101	100	98	100	99	97	100	101	104	104	103	104	106	..	..	..
Colombia	96	125	141	150	165	157	153	144	145	150	152	150	143	145	147	148	..	..	..
Mexico	277	376	396	418	396	398	404	407	409	417	431	429	430	428	432	434	435	436	436
Denmark	126	137	147	131	142	137	136	137	133	130	130	128	126	124	126	126	130	131	132
Finland	216	207	199	381	185	182	228	271	317	430	620	647	467	458	382	385	379	287	257
France	431	486	495	405	460	454	448	422.	372	347	324	379	429	420	397	405	389	415	406
Norway	174	180	188	189	189	194	195	197	205	198	192	192	167	174	174	187	201	201	197
U.K.	103	124	136	147	142	145	146	150	141	146	144	144	147	153	153	150	153	154	152
Sweden	111	110	119	134	130	135	134	136	131	135	139	139	139	134	129	131	140	137	140
Switzerland	105	102	96	99	94	90	88	96	96	97	98	102	106	109	107	109	112	115	114
Australia..	94	112	114	117	115	115	116	116	116	116	116	116	116	122	127	..	..	..	..
New Zealand	106	122	131	135	130	131	132	133	134	134	137	139	139	138	137	137	138	..	..
India (*Base :* August 1939)	151	197	235	255	248	244	242	240	241	248	268	254	254	257	269	294	289	287	..

Source : Monthly Bulletin of Statistics, League of Nations.

The factors mainly responsible for the general rise in share values are the abundance of money in the hands of the public, fall in interest rates, relief from the high wartime taxation, and expectation of higher levels of economic activity as a result of the pursuit of full employment policies.

As between the United States and the United Kingdom the rise has been sharper in the former. Between January 1945 and January 1946 the rise in the United States was 34·4 per cent. as compared with a rise of 7·7 per cent. in the United Kingdom. In the United States there is no group that has not made some progress, and very large rises have occurred in retail trade, dairy products, automobile, aircraft, shipping, steel, mining and copper industries.

In the United Kingdom, on the other hand, divergent tendencies are noticeable. Shares of industries which were expected to be nationalised, such as coal, railways, electric supply, and banks suffered a slight fall. On the other hand, shares of rayon, silk, breweries, retail stores, shipping and insurance companies received good support and their prices advanced. In the United States labour disputes have been largely responsible for the occasional set-backs in prices.

A fact to be recorded about the United States markets is that in order to check excessive speculation the Board of Governors of the Federal Reserve System between February 1945 and January 1946 raised by steps the margin requirements from 40 per cent. to 100 per cent. In other words, all stock transactions are for cash only. Banks were also forbidden to make loans on pledges of stocks owned outright when these loans were to be used for purchases of additional stock.

58. *Industrial Share Markets in India.*—In India the share markets displayed remarkable strength and buoyancy throughout the year, with prices touching new high levels. The markets withstood remarkably well all the disturbing factors. During 1945-46 there was a rise of 6·1 per cent. and 11·9 per cent. in the Economic Adviser's index numbers of Fixed Yield and Variable Yield Securities respectively, compared with rises of 7 per cent. and 8 per cent. in the previous year (*vide* Statement XXV).

The year began with a hesitant anticipation of early allied victory in Europe and prices were marked down; the surrender of Germany in May did not give any shock to the share markets. In fact the prices of market leaders began to recover partly on account of the technical position in the market and partly because the operators felt that the fall in prices had gone unreasonably far. On the whole, the markets remained remarkably stable till June 1945. From June onwards there was a slow movement in an upward direction, which was accelerated by the Report (issued in May 1945) of the Parliamentary Select Committee on Britain's expenditure in India. This report revealed that prices of Tata Iron and Steel products were considerably lower than the corresponding prices in Britain and America. Thus a strong competitive position was expected for the Tatas even after the war. The markets hence developed a buoyant mood which was strengthened by the announcement of the issue of the 2½ per cent. Loan 1950. Market leaders like the Tata Steels and Bombay Dyeings registered substantial rises. Tata Ordinaries, Deferreds and Dyeings which stood at Rs.375, Rs.2,012 and Rs.1,816 just before the VE—Day, respectively rose to Rs.424, Rs.2,275 and Rs.1,953 towards the middle of July.

The surrender of Japan in the second week of August did not create any nervousness in the markets, though prices received a slight set-back. This indeed was remarkable, for it was feared that with the end of the war there would be a severe

landslide in prices. While on the one hand the end of the war meant the curtailment of demand and therefore wartime prosperity, on the other hand it also meant the elimination of Japanese competition, which the Indian industries had to reckon with. Between July and August the Economic Adviser's index fell only by 4·4 points. But prices ruled considerably higher than the April–June levels. Throughout August the markets were quiet.

From the beginning of September again an optimistic sentiment was noticeable, particularly in Calcutta, which seems to have assumed leadership. The maintenance of dividends by the Tata Iron and Steel Co. at the previous level imparted a strong tone to the market. The end of lend-lease in September was interpreted as a bullish factor because it was expected that the reconversion and rehabilitation of British industry would be delayed considerably and that till then Indian industries would be free from British competition. So throughout September and during the first half of October the tone of the markets was one of confidence, though no appreciable rise was witnessed.

As October advanced the share markets developed a bullish fervour, the stimulus coming this time from Great Britain as a result of the interim budget introduced in September 1945 providing for the reduction of the Excess Profits Tax from 100 to 60 per cent. and for the lowering of the rates of interest on Government borrowing. These led to anticipation of similar changes in India and prices advanced rapidly on a wide front. In the week ended the 2nd November, Tata Deferreds gained 50 points to reach Rs.2,358, Bombay Dyeings crossed the 2,000 mark, closing at Rs.2,019 and other leading shares made similar progress. Thereafter there were narrow movements till the last week of November, Tata Steel shares, however, moving up steadily. Towards the end of November statements of leading industrialists envisaging a bright future for the steel and textile industries gave further support to the bullish sentiment. The upward trend of prices was accelerated and several scrips reached record levels towards the end of December. The extremely buoyant tone of the market continued with renewed vigour when the markets reopened after the Christmas Holidays. In the beginning of the new year the Government announced the issue of the $2\frac{3}{4}$ per cent. Loan 1960, which marked another milestone in the Government's policy of cheap money. Between August and December 1945, the Economic Adviser's index rose from 212·6 to 232·4.

This boom was attributable to a combination of factors, such as the weight of money at the disposal of the investing public, the continued expansion of currency, absence of alternative channels of investment, diversion of funds to stock and bullion markets from the commodity markets where tight controls have been exercised, cheap money policy of the Government, expectation of tax reliefs, anticipation of issue of bonus shares, and optimism about the future of Indian industry.

The currency ordinances issued in the second week of January 1946 perplexed the markets and the first reaction was a setback in prices. But when the implications of the ordinances were better understood recovery was in evidence. However, till the end of January the markets were bearish apprehending fresh measures of control. In February these fears gradually died down, but the undertone was subdued in view of the impending budget. Operators were generally optimistic about the budget proposals and so a slow upward trend was to be noted a little before the budget.

The Government of India budget for 1946-47 appeared to surpass the expectations of even optimistic bulls. The announcement of the total abolition of the Excess

Profits Tax and further concessions in taxation caused share prices to soar to high levels, steels and textiles achieving the largest rises. The second week of March witnessed the general bullish fervour give way to selective interest, particularly in the steel section, and in the third week there was general selling pressure due to the uncertainty of the Iranian situation and the fears that textile and steel prices would be revised in a downward direction, and that the Finance Bill might be rejected by the Assembly. Also, there was large-scale profit-taking at higher levels. Towards the end of the month, sentiment brightened with the passing of the Finance Bill. Also, the reduction of textile prices did not materialise and the markets closed quite firm. The price trends of a few leading scrips of the Bombay, Calcutta and Madras exchanges in the year may be noted in the table on page 82.

As regards the behaviour of different groups of shares in 1945-46, with the exception of sugar and cement shares, the remaining have reached higher levels than in 1944-45. Jute shares accounted for the largest rise, namely 27·2 per cent. The rise in the case of other groups is as follows: coal 19·6 per cent.; paper 17·5 per cent.; iron and steel 16·8 per cent.; banking 12·1 per cent.; tea 9·6 per cent. and cotton 7·5 per cent. The rise in cotton shares though small is in contrast with the previous year's setback. The expected world shortage of cloth led to a bright outlook of the market and the prospects of improved dividends following the abolition of the Excess Profits Tax further supported this sentiment. Jute shares touched 100 in November 1945, a similar brightening of outlook being noticed there also with the removal of coal and labour shortage difficulties and the likely increase in foreign demand following an expansion of international trade.

The following graph based on the indices compiled by the Economic Adviser's Office depicts the movements since August 1939 in the prices of Government Securities, Fixed Yield Industrial Securities and Variable Yield Industrial Securities.

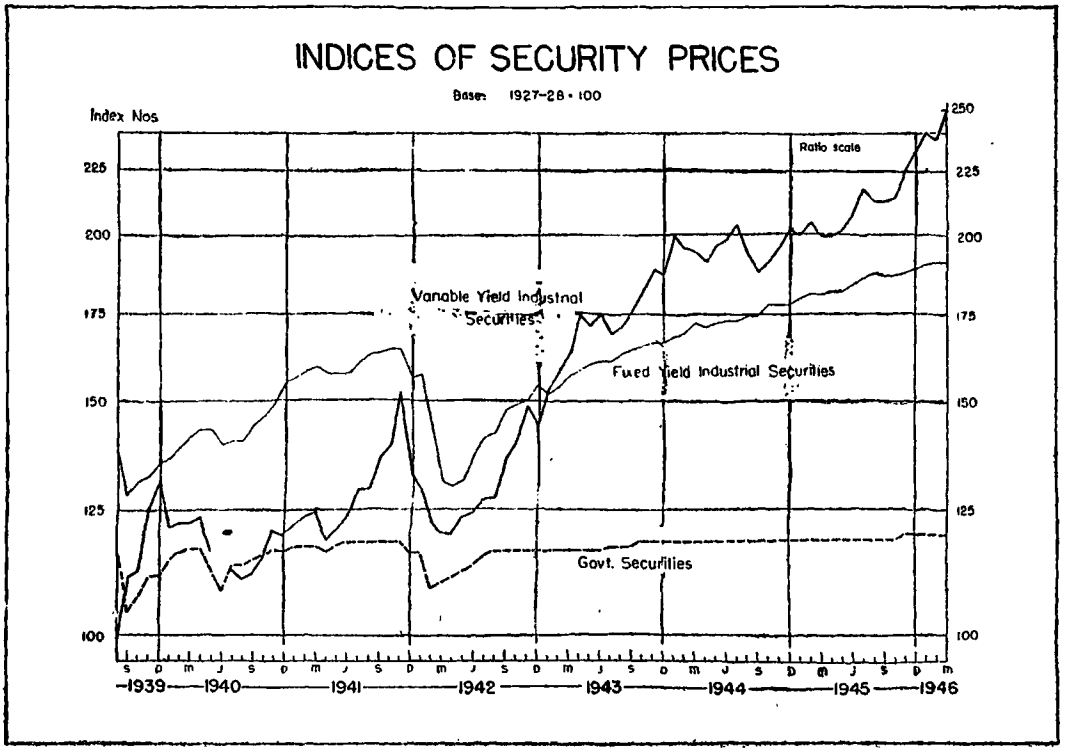


TABLE 24.—PRICES OF CERTAIN INDUSTRIAL SHARES, 1945-46.*

	Scrip	29th Mar. 1945	27th Apr. 1945	11th May 1945	3rd Aug. 1945	10th Aug. 1945	11th Jan. 1946	18th Jan. 1946	21st Feb. 1946	1st Mar. 1946	29th Mar. 1946	Highest in 1945-46	Lowest in 1945-46	% *Increase of March* 1946 over Mar. 1945
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)			
1.	Tata Steel Deferred ..	2,030-0	2,077-8	2,050-0	2,228-12	2,201-4	2,697-8	2,527-8	2,815-0	2,920-0	2,976-4	3,032-8	1,980-0	*46·61*
2.	Tata Steel Ordinary ..	378-0	389-8	386-0	409-8	401-0	482-0	457-8	483-0	531-0	526-0	548-0	372-0	*39·15*
3.	Steel Corporation of Bengal	32-3	30-13	33-3	34-5	33-8	47-12	42-4	46-6	52-0	52-7	56-0	31-8	*62·91*
4.	*Indian Iron & Steel* ..	38-10	39-15	39-11	42-5	40-13	57-8	51-4	54-6	58-8	58-6	61-4	38-8	*51·13*
5.	*Bombay Dyeings, Cotton*	1,833-12	1,827-8	1,936-4	1,972-8	1,960-0	2,147-8	2,132-8	2,175-0	2,250-0	2,393-12	2,515-0	1,752-8	*30·54*
6.	Kohinoor „ ..	606-0	603-0	601-8	607-8	592-0	678-0	662-0	670-0	766-0	788-0	880-0	566-8	*30·03*
7.	Swadeshi „ ..	537-0	524-8 X.D.	515-0	547-8	537-8	733-0	715-0	675-0	715-0	724-0	773-0	507-0	*34·82*
8.	New Great „ ..	370-8	376-0	370-8	387-8	375-0	439-8	420-8	435-0	457-0	444-8	480-0	362-8	*19·97*
9.	Buckingham „ ..	316-8	313-0	315-0	350-0	345-8 C.D.	405-0	393-0	394-0	420-0	502-8	512-0 C.D.	312-0	*58·77*
10.	Rajalakshmi „ ..	170-0 C.D.	173-0	168-0	189-0	189-0	225-0	217-0	192-0	224-0	215-0	242-0	160-0	*26·47*
11.	Cambodia „ ..	22-4 C.D.	24-8 C.D.	23-4 X.D.	30-12	30-0	40-0	38-14	37-8	41-12	37-2	41-8	22-8	*66·85*
12.	Imperial Bank Fully Paid	1,985-0	1,980-0	1,980-0	2,217-8	2,217-8	2,522-8	2,522-8	2,395-0	2,397-8	2,445-0	2,535-0	1,965-0	*23·17*
13.	Bank of India ..	189-8	185-8	183-0	189-0	190-0	235-0	226-0	234-0	238-12	234-0	246-8	181-8	*23·48*
14.	Central Bank of India ..	79-8 X.D.	77-12	78-8	85-0	85-8	113-0	103-8	108-12	115-8	120-4	125-8	75-0	*51·26*
15.	Bank of Mysore	375-0	376-0	375-0	389-0 C.D.	389-0 C.D.	439-0	440-0	455-0	455-0	460-0	462-8	372-8	*22·67*
16.	Anglo-India, Jute ..	464-0	480-0	483-0	545-0	519-0	639-0	625-0	621-0	635-0	681-0	694-0	448-0	*46·77*
17.	Howrah „ ..	89-4	93-0	98-14	97-0	94-7	128-6	119-12	122-0	126-6	130-8	134-0	82-0	*46·22*
18.	Kanknarrah „ ..	574-0	598-0	610-0	684-0	660-0	819-0	804-0	806-0	818-0	846-0	863-0	558-0	*47·39*
19.	Reliance „ ..	74-6	78-2	78-2	85-2	80-12	107-8	103-8	105-6	106-12	112-8	114-0	97-8	*51·26*
20.	Bengal, Coal	682-0	682-0	670-0	767-0	763-0	860-0	838-0	814-0	875-0	864-0	908-0	670-0	*26·69*
21.	Burrakur „	41-0	42-2	39-10	46-8	44-4	50-0	47-10	46-14	49-3	49-8	53-6	37-10	*20·73*
22.	Equitable „	66-8	66-12	68-0	73-0	71-12	79-12	78-0	76-12	81-12	82-0	83-0	66-0	*23·31*
23.	Hassimara, Tea	80-0	79-0	78-8	83-8	83-8	86-8	86-0	82-8	83-8	83-0	93-8	70-0	*3·75*
24.	Patrakola „	1,370-0	1,330-0	1,317-0	1,420-0	1,425-0	1,510-0	1,510-0	1,495-0	1,480-0	1,515-0	1,602-0	1,254-0	*10·80*
25.	Carew Sugar	26-1	26-11	24-8	29-14	30-7	36-4	33-4	34-7	35-1	39-8	42-3	26-0	*51·56*
26.	Indian Sugar	31-0	31-0	31-8	31-12	31-12	29-2	29-2	29-8	30-0	31-0	32-0	29-0	....
27.	Chembra Peaks, Plantings	9-0	9-5	9-0	10-0	9-15	10-9	10-12	10-10	11-2	10-12	11-8	8-14	*19·44*
28.	Cochin Malabar „	16-4½	16-13	16-9	19-3 C.D.	18-15 X.D.	18-12	18-10	18-8	17-12	18-2	19-8	15-14	*11·32*
29.	A.C.C.	227-8	231-8	235-0	208-8	206-8	251-0	233-4	235-8	258-0	258-0	266-0	204-12	*13·40*

* The dates given above are selected with a view to indicating the position of security values just before and after some outstanding days of the year as explained below: (1) Closing prices of 1944-45; (2) Pre VE- (Victory in Europe) Day; (3) Post VE- Day; (4) Pre VJ- (Victory in Japan) Day; (5) Post VJ-Day; (6) Pre Currency Ordinance Day (*vide* paragraph 80) ; (7) Post Currency Ordinance Day; (8) Pre Budget-Day; (9) Post Budget Day; (10) Closing prices of 1945-46.

59. *Control of Capital Issues.*—Statistical data are now available about the working of the Control of Capital Issues from its inception in May 1943 to the end of September 1945. The objects of the Control were to prevent the establishment of those industries which did not assist in the production of essential war or consumption goods and to check the growth of mushroom companies with little chances of survival after the war. The Control has passed through several phases, and relaxations have been made as experience indicated or as the situation improved.

In the first phase of the Control, lasting from May 1943 to May 1944, long-range schemes were discouraged, exception being made in suitable cases for issues of capital required to purchase plant or machinery for which orders had already been placed for delivery after the war, subject to the condition that the money would be invested in defence loans or other new Government securities and kept so invested until it could be spent for the intended purpose. This procedure was revised in December 1943 when the condition that an actual order for machinery etc. should have been placed was removed; but the raising of capital was allowed only if the promoters had prepared final schemes, revealing the nature of the plant required and had also conducted negotiations with suppliers of machinery up to a certain degree of definiteness. A further relaxation was made in April 1944 when the Government of India decided to allow issues of capital for long-range schemes even if the schemes were still in an indefinite form, out of the consideration that industrial development in the immediate post-war years would be facilitated if companies with adequate amounts of capital at their disposal are already in existence.

After the termination of the Japanese War in August 1945 the Government of India granted an exemption in favour of any issue by a company, other than a banking or insurance concern, for an amount which, taken with the amount of any other issue made by the same company within the preceding 12 months, makes a total not exceeding Rs.1,00,000. In December 1945 the exemption figure was raised to Rs.5 lakhs in the case of all except banking and insurance companies.

An analysis of available statistics, of which complete details are given in Statement XXVI, indicates that in all 4,660 companies applied for an aggregate issue of Rs.385 crores. Of these, 4,371 companies were from British India for an issue of Rs.342 crores, and 289 from outside British India (mostly the Indian States) for an issue of Rs.43 crores. Consent was given to 3,784 companies involving a total capital of Rs.260·5 crores and constituting 81·2 per cent. and 67·7 per cent. respectively of the number of companies and the amounts applied for. Of these, 3,575 companies for a total of Rs.228 crores relate to British India; 209 companies for Rs.32·5 crores relate to outside British India. Outright refusals numbered 876 (18·8 per cent.) for an amount of Rs.89 crores (23·2 per cent.) involving 250 companies (for Rs.23 crores) in the case of Industrial issues, and 626 companies (for Rs.65·8 crores) in the case of Non-industrial issues. Partial refusals amounted to Rs.35 crores. It may be noted that in respect of the amount sanctioned, the percentage of consents to applications was the highest in the Industrial group, namely 82·4 as contrasted with 52·7 in the Non-industrial group.

Of the consents, Industrial issues numbering 1,766 account for an amount of Rs.159·6 crores. In this group, out of the amount sanctioned, the Metals and Engineering section tops the list with Rs.42·93 crores, followed by Textiles (Rs.39·27 crores), Chemicals (Rs.24·43 crores) and Food (Rs.11·54 crores). As regards the number of companies, Chemicals lead with 392, followed by Engineering (376),

Textiles (246) and Food (118). In the Non-industrial group, Financial companies account for 50 per cent. of the amount sanctioned, while in number the Trade and Transport section leads the group.

As regards distribution between Immediate and Long-range schemes, it will be seen (*vide* table below) that 94·7 per cent. of applications and 75 per cent. of the amount asked for relate to Immediate schemes. In the Immediate class, the Non-industrial group is more important than the Industrial group both as regards applications and consents. In the Long-range category, the Industrial group is the most important, accounting for nearly 90 per cent. of the number of companies and the amount sanctioned. In other words, in the Non-industrial group Long-range schemes are negligible. Within the Industrial group itself, of the consents, 87·8 per cent. of companies relate to the Immediate category, with only 48·5 per cent. of the amount sanctioned. Obviously most of the Long-range schemes required very large capital amounts.

TABLE 25.—CONTROL OF CAPITAL ISSUES.

(A) CONSENTS AND REFUSALS AS PERCENTAGES OF APPLICATIONS.

Serial No.	Classification	Consents		Refusals	
		No. of companies	Amount wholly or partially allowed	No. of companies	Amount asked for
1.	**Grand Total—Industrial and Non-Industrial.**				
	Immediate	80·19	57·45	19·81	30·86
	Long-range	99·20	98·20	0·80	0·30
	Immediate & Long-range combined	81·20	67·65	18·80	23·22
2.	**Total Industrial.**				
	Immediate	86·21	70·56	13·79	21·29
	Long-range	99·08	97·96	0·92	0·35
	Immediate & Long-range combined	87·60	82·44	12·40	12·22
3.	**Total Non-Industrial.**				
	Immediate	76·04	49·42	23·96	36·71
	Long-range	100·00	99·92	....	....
	Immediate & Long-range combined	76·32	52·66	23·68	34·34

(B) PERCENTAGE DISTRIBUTION IN EACH GROUP BETWEEN IMMEDIATE AND LONG-RANGE.

Serial No.	Classification	Total		Consents		Refusals	
		No. of companies	Amount asked for	No. of companies	Amount wholly or partially allowed	No. of companies	Amount asked for
1.	**Grand Total—Industrial and Non-Industrial.**						
	Immediate	94·66	75·01	93·47	63·72	99·77	99·68
	Long-range	5·34	24·99	6·53	36·28	0·23	0·32
2.	**Total Industrial.**						
	Immediate	89·18	56·68	87·77	48·53	99·20	98·77
	Long-range	10·82	43·32	12·23	51·47	0·80	1·23
3.	**Total Non-Industrial.**						
	Immediate	98·83	93·54	98·46	87·75	..	..
	Long-range	1·17	6·46	1·54	12·25	..	..

60. *Money Rates and Conditions.*—During the year under review bank rates in the United Kingdom, the United States of America and most other leading countries remained unchanged. In the United Kingdom, after the Labour Government came to power, the Chancellor of the Exchequer announced the Government's intention to pursue a cheap money policy and in accordance with it on the 19th October 1945 effected a reduction in the rate of the Treasury Deposit Receipts from 1⅜ per cent. to ⅝ per cent. As about 40 per cent. of the assets of the clearing banks are held in this form, all short-money rates have been revised downward. The following table indicates the range of money rates in the United Kingdom at selected dates and shows the actual decline which occurred in them after the announcement of the reduction in the Treasury Deposit Receipts rate. The rate for Treasury Bills remained steady round about 1 per cent. till the middle of October 1945 but thereafter it declined and stood round about ½ per cent. for the remainder of the year.

TABLE 26.—MONEY RATES.

1945	Floating Money	Market Rates—Best Bills			Bank Rate
		Three months	Four months	Six months	
1. March 17	¾ to 1¼	1 1/32	1 1/32 to 1 1/16	1 1/16 to 1¼	2
2. September 20	¾ to 1¼	1 1/32	1 1/32 to 1 1/16	1 1/16 to 1¼	2
3. October 22	½ to ¾	17/32	9/16	9/16 to ⅝	2
(Movement between 2 and 3) ..	— ⅜	— ½	— 31/32	— 9/16	..
4. November 20	½ to ¾	17/32	9/16	9/16 to ⅝	2

Governments in several other countries also seem to appreciate the importance of cheap money conditions during the transition period and in the plans for the attainment of full employment as may be inferred from the low bank rates maintained by them. On the 31st December 1945 the bank rate in the United States of America, France, Netherlands, Sweden, Switzerland, Belgium, Canada and Czechoslovakia stood at ½ per cent., 1⅝ per cent., 2½ per cent., 2½ per cent., 1½ per cent., 1½ per cent., 1½ per cent. and 2½ per cent. respectively

With the same object in view, under Regulation 11 of the National Security (Economic Organisation) Regulations, the Commonwealth Bank of Australia revised downward the maximum rates of interest to be paid by banks on Savings Bank deposits and fixed deposits from the 1st December 1945. The maximum rates payable on fixed deposits for 12 months and 24 months received on or after the 1st December 1945 have been reduced by ¼ per cent. to 1 per cent. and 1½ per cent. respectively; and for deposits for 24 months, while the first £10,000 will bear interest at the full rate, the balance will carry interest at only 1 per cent. The rates for three and six months' deposits, however, remain unchanged at ½ and ¾ per cent. respectively. The existing rate of 2 per cent. payable on the first £500 of deposits with the Commonwealth Savings Bank and State Savings Bank of Victoria remains unaltered, but the rate on any further balance upto £1,000 has been reduced by ¼ per cent. to 1 per cent.; deposits beyond £1,000 carry no interest. Other savings banks are allowed to

pay rates ¼ per cent. higher than these rates. Though the maximum rate for new loans by building societies and co-operative societies has been reduced by ¼ per cent. to 5 per cent., the rate of the trading banks remains unchanged at 4¼ per cent.

Statement XXVII gives various money rates in India on the 1st day of each month of the year of the report. The Bank rate of the Reserve Bank of India and the Hundi rate of the Imperial Bank of India remained unchanged at 3 per cent. throughout the year. Money conditions generally continued to remain easy during 1945-46 as in the previous year, with the inter-bank call money rate, for dealings between certain larger and particularly the Exchange banks in Calcutta and Bombay, remaining unaltered at ½ and ¼ per cent. respectively for the major part of the year except during the months of February and March when the rate in Bombay moved between ¼–½ per cent. in February and ¼–1 per cent. in March, largely because of tax payments and stock exchange advances. The three and six months' fixed deposit rates which were quoted by the larger scheduled banks at ½–¾ per cent. and ¾–1 per cent. at the end of the last year remained throughout the year steady excepting in the last quarter, when the two rates moved up to ¾–1 per cent. and 1–1¼ per cent. in sympathy with the growing stringency in the money market. For the same reason the twelve months' rate which was quoted at 1¼–1½ per cent. in the beginning of the year moved up to 1½–1¾ per cent. in February and March 1946 in sympathy with the short rates. The average rate of three months' Central Government Treasury bills declined further from 0·49 per cent. in 1944-45 to 0·38 per cent. during the year under review. It touched the lowest rate of the year of 0·26 per cent. in July 1945.

61. *Banking Trends Abroad.*—The abnormal stress of wartime finance affected banking policy and practice in several countries. In the belligerent countries particularly central banking policy was subordinated to the requirements of the Treasury to facilitate the financing of the War in a manner that is without parallel, and was committed also to support, when necessary, the commercial banks of the country which directly or indirectly played their part in it. Consequently there has been an unprecedented expansion, though varying in extent from country to country, in the note issue of central banks. The following table gives an idea of the increase in note circulation between August 1939 and December 1945.

NOTES IN CIRCULATION

(In Millions)

	1939 August	1945 December	% increase
U.K. £	529·5	1,380	160·6
Australia £A	45·5	200·0	339·6
Canada $C	210	992	372·4
New Zealand £NZ	15·8	46·2	192·4
U.S.A. $	7,171	28,515	297·6
France Fr.	142,359	570,006	300·4

Source: League of Nations monthly Bulletin of Statistics

In some of the countries steps were taken early with marked success to control the inflationary effects caused by the ever-widening gap between the volume of output and the effective purchasing power. Nevertheless, the prevailing levels of prices, costs and employment stand in need of adjustment internally as well as externally;

and how precisely to work out this equilibrium internationally without distorting national economy presents a formidable world economic problem.

As a partial solution to this problem the principles of central banking have been subjected to modifications to suit the changing world. One such modification is the dissociation of gold from currency accomplished in most countries, the outstanding exception being the United States even where the statutory gold reserve against notes and deposits has been reduced with effect from June 1945 to a uniform 25 per cent. as against the former 40 and 35 per cent. respectively. Consequently an important feature of wartime developments is the considerable growth in the volume of managed currency. But there is even a more momentous change than this. At the end of the First World War, in view of the prevalence of unbridled inflation in many countries the Brussels Conference of 1920 found it necessary to resolve that " Banks, and especially a Bank of Issue, should be freed from political pressure and should be conducted on the lines of prudent finance "—by which was meant the pre-war principles of finance. At the end of the Second World War, however, the central banks in three countries (England, France and New Zealand) stand nationalised and that in a fourth (Australia) has been completely subjected to Government control. All this is in contrast with the Brussels resolution and affords a measure of the change in ideas on central banking between the two Wars.*

* It is reported that the Central Bank of Argentina has also been nationalised by a Government decree issued in March 1946.

In the manner of nationalisation there has been much similarity between England; France and New Zealand. In England, no drastic changes have been introduced in the form of organization of the Bank of England excepting that its capital stock of £14,553,000 will be transferred to a nominee of the Treasury and the stock-holders will be paid in 3 per cent. Government stock of £58,212,000 which approximates to its market value. The Government stock may be redeemed at par on or at any time after the 5th April 1966, but subject to such redemption, it will be perpetual. The Governor, Deputy Governor and 16 Directors (instead of the former 24) will be appointed by His Majesty, the period of appointment being 5 years in the case of the Governor and Deputy Governor and 4 years in the case of the Directors. It is also provided that the Treasury, after consultation with the Governor, may issue directions to the Bank, but subject to such directions its management will be entrusted to the Court of Directors. The Bank in turn may request information from and make recommendations to bankers and if authorised by the Treasury, even issue directions to any banker for the purpose of giving effect to any such request; but no such request will be made with respect to the affairs of any particular customer of a banker. Before authorising the issue of any such directions, however, the Treasury will give the banker concerned an opportunity of making representations in regard to them. The Bank of England Act, 1946, which introduced these changes came into force from the 1st March 1946.

The French Constituent Assembly enacted in December 1945 a law nationalising as from the 1st January 1946, the Bank of France and the four big commercial banks and providing for control and supervision of the banking and credit system of the country. It provided for the transfer of the capital stock of the Bank of France to the State in exchange for 2 per cent. negotiable registered Government bonds redeemable within 50 years. A committee of two Government officials and a representative of the shareholders appointed by the Minister of Finance would determine

the liquidation value of the shares which is not to exceed their average quotation between the 1st September 1944 and the 31st August 1945 or their price on the Paris Bourse between the 1st September 1945 and the date on which the liquidation value is fixed. The composition of its General Council and its relations to the State are to be defined by a subsequent law. The nationalisation law further provides for the establishment of two bodies the National Council of Credit and the Banking Control Commission, to which would be entrusted the supervision of the credit system which is normally a function of the central bank. The National Council of Credit will consist of a Chairman from amongst the Ministers, and the Governor of the Bank of France who would be ex-officio Vice-Chairman ; the Chairman can delegate his powers to the Vice-Chairman. In addition, there would be 38 members, of whom 10 will represent various economic associations, 7 the Ministries of National Economy, Industrial Production, Public Works and Transport, Agriculture, Reconstruction and Municipal Planning, and Colonies ; 7 Financial and Banking experts and 7 Official financial institutions. The functions of this National Council are mainly consultative in character but extend over a wide field such as the development of banking, concentration of banks, further nationalisation of banks, protection of deposits, distribution of bank credit, control of capital issues, financing of reconstruction and foreign trade, etc. It is to meet once a month and at the end of the year submit a report to the Ministers of National Economy and Finance. The Banking Control Commission, however, will consist of five members : the Governor of the Bank of France, who will be ex-officio Chairman, the President of the Financial Section of the State Council, the Director of the Treasury, the Director in charge of the credit problems at the Ministry of National Economy, and a representative of the bank employees' union. It has been entrusted with the enforcement of the laws of the 13th and 14th June 1941 (enacted under the Vichy Administration) which provide for a close control of banking. Control would thus vest not only in the central bank as heretofore, but also in the hands of bodies representing the various interests of the community.

In New Zealand, the House of Representatives passed a bill in November 1945, to nationalise the Bank of New Zealand on the grounds that a State trading bank was desirable for the purpose of facilitating post-war reconstruction and development, rehabilitation of returned servicemen and provision of reliable, prompt and economical banking services and generally to promote the country's economic welfare. The Chairman, Deputy Chairman and Board of Directors will be appointed by the Minister of Finance. The Board will consist of 5 to 7 members appointed for a term not exceeding 3 years. The shareholders have been offered three alternatives—for each share a payment of £2-5-0 in cash ; or £2-13-4 in 3 per cent. ordinary taxable Government stock ; or £2-6-8 in tax-free non-transferable 3 per cent. Government stock. The Government may acquire long-term mortgage shares registered in Wellington at £1-10-0 in cash or 3 per cent. Government stock. The Government is further empowered to acquire ordinary or long-term mortgage shares registered in London, Sydney or Melbourne at prices to be agreed on. It is reported that of the 7,900 shareholders of the Bank, 7,000 made applications for an amount totalling £7·95 million for replacement of their holdings. Applications for repayment in cash amounted to £0·8 million ; acceptances of tax-free non-transferable Government stock to £1·45 million ; and acceptances of taxable transferable stock to £5·7 million. The remaining 900 shareholders will be allotted tax-free stock.

As a State bank the Commonwealth Bank of Australia has been, since its inception, under the domination of the Government. The Commonwealth Bank Act of 1945, however, has introduced far-reaching changes in its management and business, and, control over trading banks. The Bank has been charged with the duty to pursue a monetary and banking policy directed to the greatest advantage of the people of Australia so as to contribute to the stability of the currency, the maintenance of full employment and the economic prosperity and welfare of the people. Though these duties are assumed in the case of other central banks, Australia has preferred to incorporate them in the law itself. The control of the Bank has been taken over from the Board and vested in a Governor, as it used to be before 1924, who will be appointed by the Governor-General for a period not exceeding seven years. As regards monetary and banking policy, it is provided that in the event of disagreement between the Bank and the Government, on the responsibility of the latter, the former will adopt a policy considered by the latter as necessary. Further the Bank is not only authorised to carry on general banking business but is charged with the duty to develop and extend it and not to refuse to conduct banking business for any person by reason of the fact that it would have the effect of taking away business from another bank. The Bank will have a Rural Credit Department through which advances will be made upon the security of primary produce or such other security associated with the production or marketing of primary produce to approved co-operative associations or marketing boards for a period not exceeding one year. There will be a Mortgage Bank Department through which loans on prescribed conditions will be made to any person engaged in farming, agricultural, horticultural, pastoral or grazing operations or in such other form of primary production as the Bank thinks fit, upon the estate or interest in land in the Commonwealth owned by the borrower where the land is used or is to be used primarily for farming, agricultural, horticultural, pastoral or grazing operations or in such other form of primary production as the Bank thinks fit. Such loans will not be made for a period of less than five years or more than forty years and their amount will not exceed 75 per cent. of value or five thousand pounds, whichever is less. There will also be an Industrial Finance Department through which loans will be made and shares and securities purchased to provide finance for the establishment and development of industrial undertakings, particularly small undertakings. The Department may assist in the establishment and development of industrial undertakings and provide advice with a view to promoting their efficient organization and conduct. There is also provision to advance housing loans to individuals and building societies through the General Banking Division for the erection or purchase of homes or for the discharge of mortgages on homes. In making such loans the Bank will give preference for the erection or for the purchase of newly erected homes. Loans will be made at the lowest practicable interest. The amount of loans to individuals will not exceed eighty-five per cent. of value or one thousand two hundred and fifty pounds whichever is less for a period of not less than five years or more than thirty-five years. Loans to building societies, however, may extend upto ninety per cent. of value. Under the Banking Act of 1945 the Commonwealth Bank can direct the loan policies of the trading banks if it thinks it to be necessary or expedient in public interest, but such direction will relate to principles and classes of advances only. It is further empowered with the approval of the Treasurer, to control discount rates and interest rates on advances and deposits.

The outstanding feature of commercial banking development in countries directly affected by the Second World War is a marked growth of deposits, parti-

cularly demand deposits, consequent upon the colossal war expenditure. This, combined with such other factors like the large governmental requirements of finance, the commandeering of productive resources for war purposes, restrictions on civilian consumption of many luxury and semi-luxury goods, and methods adopted to finance war production and purchases have all led to conspicuous changes in the usual assets of commercial banks, of which the following table gives an indication.

(Figures in millions)

TABLE 27.—CHANGES IN THE ASSETS OF COMMERCIAL BANKS.

	Deposits		Discounts		Loans and Advances		Investments and Securities	
	1939*	1945	1939*	1945	1939*	1945	1939*	1945
U.K. £	2,441	4,859[a]	334	2,114[a]†	1,002	799[a]	609	1,178[a]
Canada $	3,247	5,573[a]	§	§	1,337	1,381[a]	1,646	4,159[a]
Australia £A ..	329·7	582·5[b]	§	46·5[b]‡‡	292·9	207·9[b]	46·7	104·3[b]
New Zealand £NZ ·	73·2	130·8[c]	§	§	51·4	51·3[c]	15·5	31·5[c]
Union of South Africa £SA ..	166·9	399·8[d]	13·1	4·5[d]	65·5	51·5[d]	56·5	202·1[d]
U.S.A. $	45,941	134,245[b]	§	§	16,866·0	23,376[b]	22,428·0	88,978[b]
Denmark — Krone	2,455	4,520[d]	454	207[d]	1,674	1,333[d]	618	1,582[d]
Argentina — Peso..	3,913	6,432[d]	1,327	1,509[d]	1,425	1,235[1]	297	1,706[d]

* December. *a* October. † Includes £1925 million of T.D.R. *b* June. ‡‡ T. Bills.
c End of May. *d* March 1944. § Information not available.

The above figures indicate that while deposits have nearly doubled in most of the countries, in the United States of America they have trebled. Depositors, however, have preferred to keep, as remarked before, the bulk of their deposits on sight or demand indicating a marked degree of liquidity preference. The following indices (base: June 1939 = 100) will show the difference in the expansion of Sight, Savings and other deposits in selected countries. But since the end of the war time deposits reveal a tendency to rise.

	1 Sight Deposits		2 Savings Deposits		3 Other Deposits	
	Dec. 1939	Sept. 1944	Dec. 1939	Sept. 1944	Dec. 1939	Sept. 1944
U.K.	113	229	..	..	106	144
Canada	120	262	..	..	101	146*a*
Australia	106	261	99	108	..	..
New Zealand	111	242	..	..	109	103
Union of South Africa ..	107	287*b*	97	160	125	469
U.S.A.	109	235	..	..	101	193
Denmark	121	325	95	159	..	..
Argentina	107	244	99	144	94	105

a Relates to Col. 2 & 3. *b* Relates to December 1943.

Before the Second World War commercial banks in all countries performed their primary function of financing the short-term requirements of trade and industry and therefore loans and advances rightly represented a substantial percentage of deposits. In December 1939, of the total assets, they accounted for 37, 35, 78, 61, 32, 27, 48 and 35 per cent. in the United Kingdom, Canada, Australia, New Zealand, Union of South Africa, the United States, Denmark and Argentina respectively. They, however, declined by 1944 to 16*, 21, 38[a], 36[b], 11[a], 17[b], 22[a] and 28[c] in the respective countries. With the fall in trade and industrial demand for accommodation simultaneously with an increase in deposits and public debt, banks increased their investments, largely in Government securities, partly to help Government war finances and partly to meet interest charges and expenses. Their corresponding percentages in 1939 and 1944 were 25 and 26[d], 43 and 57, 10 and 26, 11 and 31, 28 and 45, 38 and 59, 18 and 26, and, 7 and 24, in the United Kingdom, Canada, Australia, New Zealand, Union of South Africa, the United States, Denmark and Argentina respectively. The significance of these percentages is no doubt heightened by the growing magnitude of deposits. Commercial banking, therefore, reveals a tendency to be less of commercial and more investment banking in the direction of substituting private by State demand. Banks are, therefore, no doubt faced with the problem of the future behaviour of deposits, advances and investments on which depends not only their income but also their stability.

* September 1944. *a* March 1944. *b* June 1944. *c* August 1944. *d* The percentage of discounts which, however, includes T. D. Rs. rose from 10 to 37.

The tendency to bring banking under control did not confine itself to the central banks. In England the Bank of England Act of 1946 empowers the Bank of England to direct any bank to adopt a certain policy which it regards as imperative in the public interest. In Australia with a view to protecting the interests of depositors the Banking Act of 1945 provides for the control of private commercial banking and empowers the Commonwealth Bank to control their interest rates in respect of advances, discounts and deposits and also to determine, if necessary, even the policy regarding advances. France has gone further by nationalising the 'Big Four', the Comptoir National d'Escompte de Paris, Credit Lyonnais, Societe Generale and Banque Nationale Commerce et Industrie.

62. *Banking in India During War.*—The effects of the Second World War on Indian banking have been far-reaching. As India increasingly became a supply base for the Allied armies in the Middle East and South-East Asia, Government expenditure on defence and supplies to the Allies led to a rapid expansion of currency and the total money income of the community. This, combined with a diversity of causes like the difficulty of obtaining imports, the diversion of internal supplies to war needs, the control of the channels of investment, the distortion in the pattern of income distribution, etc., led to a rapid increase in the 'unspent margin' in the higher income groups and the reserves of trade and industry, which in turn brought about a rising pool of bank deposits. These encouraged the development of banking enterprise and since 1943 a number of new banks, some of them with large volumes of capital, were floated. The number of new banks started between the 1st July 1943 and the 30th June 1945 has been 82 out of a total of 147 banks started between the 1st July 1939 and the 30th June 1945.

The table on page 92 relates to the progress of scheduled banks and reflects the striking changes in Indian banking during the war. The number of scheduled

TABLE 28.—CONSOLIDATED POSITION OF SCHEDULED BANKS SINCE THE OUTBREAK OF WAR (ON THE 3RD SEPTEMBER 1939) TO THE CESSATION OF HOSTILITIES (ON THE 2ND SEPTEMBER 1945).

(In lakhs of rupees)

		Number of Scheduled Banks	Liabilities in India						Cash in India (Notes and coins)	Balances with Reserve Bank	(7+8) as percentage of 6	Advances in India	Bills discounted in India	(10+11) as percentage of 6
			Demand	Percentage of Total liabilities	Time	Percentage of total liabilities	Savings †	Total						
			1	2	3	4	5	6	7	8	9	10	11	12
1 September	1939	59	141,40 (7,03)	57·0 (62·5)	106,46 (4,22)	43·0 (37·5)	.. ..	247,86 (11,25)	7,30 (59)	25,28	13·14	105,65 (4,13)	3,87 (30)	44·19
8 „	1939	59	137,94 (6,83)	56·8 (61·8)	104,80 (4,23)	43·2 (38·2)	.. ..	242,74 (11,06)	8,12 (58)	17,48	10·55	109,33 (4,09)	3,80 (30)	46·61
6 „	1940	60	161,76 (7,57)	61·5 (68·0)	101,47 (3,57)	38·5 (32·0)	.. ..	263,23 (11,14)	8,47 (37)	39,79	18·33	116,71 (3,99)	1,77 (11)	45·01
5 „	1941	64	213,06 (10,91)	66·5 (68·3)	107,45 (5,07)	33·5 (31·7)	.. ..	320,51 (15,98)	9,66 (79)	44,81	16·99	116,26 (4,56)	4,03 (6)	37·53
4 „	1942	*59	302,63	75·4	98,27	24·5	41,24	400,90	12,15	67,54	19·88	79,35	1,34	20·13
3 „	1943	*67	446,60	76·5	137,21	23.5	58,46	583,81	19,83	76,16	16·45	143,83	3,35	25·22
1 „	1944	*78	593,30	75·9	188,71	24·1	80,01	782,01	26,10	99,78	16·10	202,84	9,47	27·15
7 „	1945	*87	639,66	71·7	252,52	28·3	106,91	892,18	33,00	114,42	16·52	256,12	13,49	30·22

† Included partly in 1 and 3. These figures denote monthly averages. * Excluding Burma Banks. Burma figures shown in brackets. Figures for India only from February 1942.

banks increased from 59 on the 1st September 1939 to 87 (excluding 3 Burma scheduled banks) by the 7th September 1945, which contrasts with the slow increase from 50 to 59 between the 1st July 1935 (when banks were first admitted to the Second Schedule to the Reserve Bank of India Act) and the 1st September 1939. Thus in addition to the large banks newly started, some of the old ones became Scheduled banks either by an increase of capital or an addition to reserves or both. There has been, however, a noticeable tendency for too rapid an expansion of branch banking, particularly among the smaller banks, without careful preliminary prospecting in each case in the light of existing banking facilities, the size of available business and the likely changes therein, the overhead costs and probable scope for reasonable earnings. This has resulted in the opening of too many branches in some places.

It may be seen from the table that in the six war years, the total of demand and time liabilities has increased from Rs.247·86 crores to Rs.892·18 crores, *i.e.*, at an annual rate of Rs.107·39 crores, which is phenomenal in the history of joint stock banking in India, the average per bank having changed from Rs.4·2 crores in 1939 to Rs.10·25 crores in 1945. As in other countries, demand liabilities have increased faster than time liabilities, the percentage of the former to total liabilities having increased from 57·0 to 71·7 and that of the latter fallen from 43·0 to 28·3 during the war period. But from (the latter half of) 1944 this tendency seems to have been checked, if not reversed, as the percentage of demand liabilities shows a fall from 76·5 on the 3rd September 1943 to 71·7 on the 7th September 1945, the percentage of time liabilities on the respective dates being 23·5 and 28·3.

With such an augmentation in the resources of banks, their stability and growth would depend on the continuance of a proper distribution of the resources among different assets. The percentage of cash to deposits which was 13·14 on the 1st September 1939 improved to 19·88 on the 4th September 1942 after which it declined by stages to 16·52 on the 7th September 1945. Though the improvement noticed above may be regarded as small because of the overwhelming percentage of demand deposits, considered against the large security portfolio which banks today carry and in the light of the composition of liabilities and assets, it could be regarded as adequate for the system though not for individual banks.

Among other assets, advances and bills which amounted to Rs.109·52 crores on the 1st September 1939 and formed 44·19 per cent. of total liabilities declined to the lowest of Rs. 80·69 crores on the 4th September 1942, the corresponding percentage being 20·13. Since then, however, they have improved to Rs. 269·61 crores on the 7th September 1945 representing 30·22 per cent. of total liabilities, which is still less than the pre-war percentage by 13·97. The fall in advances shows the decline in demand for banking accommodation caused by the decline in imports, shrinkage in the free sector of internal trade, progress payments made by the Government to trade and industry diverted to war supplies and the liquidity of business in general. As the influence of these factors wears out, demand for bank accommodation has shown improvement. The difference between the total assets of cash and balances with the Reserve Bank, advances and bills, and, total liabilities works out at Rs.105·76 crores and Rs.475·15 crores on the 1st September 1939 and the 7th September 1945 respectively. The bulk of this is no doubt held by banks in the form of investments, largely in Government securities. This is a factor in the liquidity of banks which is comparable in this respect with that of banks in foreign countries.

The non-scheduled banks, which are generally small and scattered, have none-the-less followed the scheduled banks at a distance during the war years as the following table showing their demand and time liabilities and cash balances as on the last Friday of each year will indicate.

TABLE 29.—DEMAND AND TIME LIABILITIES AND CASH BALANCES OF NON-SCHEDULED BANKS AS SHOWN BY THEIR MONTHLY RETURNS AS ON THE LAST FRIDAY OF EACH YEAR.

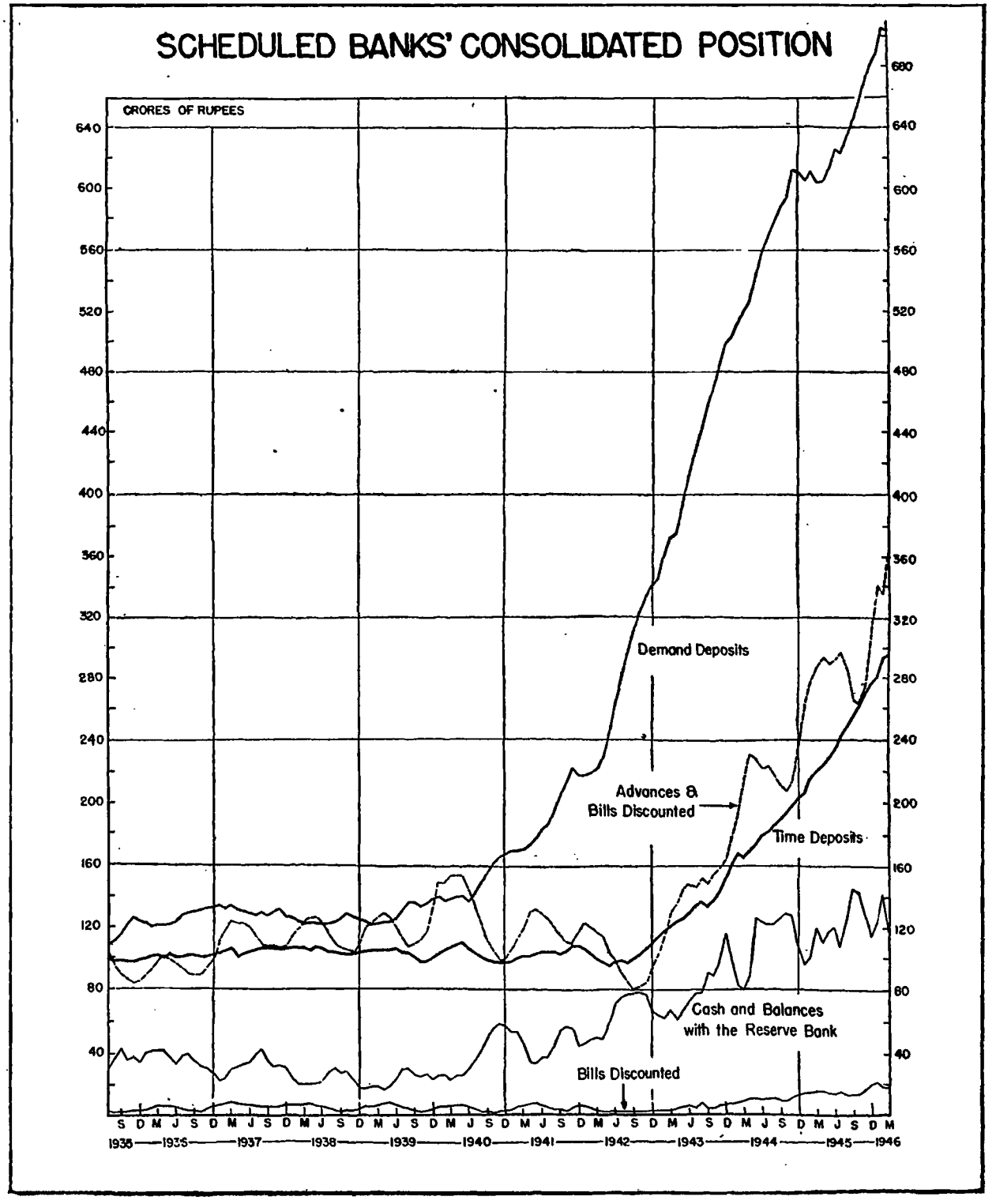
(In lakhs of rupees)

Year	No. of Banks submitting returns	Demand Liabilities	Time Liabilities	Total Demand and Time Liabilities	Cash Balances	*Percentage of Cash to Demand and Time Liabilities*
1939..	669	4,87	11,09	15,96	1,10	*6·9*
1940..	604	5,26	11,48	16,74	1,30	*7·8*
1941..	601	7,06	12,47	19,54	1,64	*8·4*
1942..	534	11,06	13,59	24,64	2,63	*10·7*
1943..	530	17,52	17,27	34,79	4,88	*14·0*
1944..	613	24,84	28,29	53,13	6,04	*11·4*

The number of non-scheduled banks submitting cash reserve returns under Section 277 L of the Indian Companies Act of 1913 (as amended in 1936) dwindled from 669 in 1939 to 530 in 1943 and thereafter improved to 613 in 1944. The table shows that their demand liabilities rapidly increased during the war years, inspite of the fall in the number of reporting banks, from Rs.4·87 crores in 1939 to Rs.24·84 crores in 1944. Time liabilities also showed an equally remarkable growth from Rs.11·09 crores to Rs.28·29 crores during this period. Thus between 1939 and 1944 their total of demand and time liabilities showed a marked increase from Rs.15·96 crores to Rs.53·13 crores. It is, however, significant that unlike the scheduled banks whose demand liabilities preponderate over time liabilities, deposits of the non-scheduled banks are nearly equally distributed between the two classes though in 1939 time liabilities greatly exceeded demand liabilities. These banks which work with slender resources generally keep the minimum cash necessary, but because of the increase in deposits and the uncertainties of the war period they seem to have increased their cash balances, the percentage to total of demand and time liabilities in 1944 being 11·4 as against 6·9 in 1939. With the increased deposits, however, the position of their capital and reserves has undergone a change. In the case of banks with capital and reserves between rupees one lakh and five lakhs, and, rupees fifty thousand and one lakh, the percentage of capital and reserves to deposits declined between 1939 and 1943 from 24·3 to 14·8 and from 25·8 to 15·7 respectively.

63. *Consolidated Position of Scheduled Banks.*—Statement XXVIII shows the consolidated position of the scheduled banks in India (excluding Burma) during the year under review and Statement XXIX gives the indices in respect of all the items of assets and liabilities included in Statement XXVIII. The progress of the scheduled and non-scheduled banks during the six war years has been discussed in paragraph 62. See also graph on page 95.

During the year under review the number of scheduled banks increased from 85 to 91, the six new banks admitted to the Second Schedule to the Reserve Bank of India Act, 1934, being the Tripura Modern Bank, Ltd., Tripura, the Kumbakonam Bank, Ltd., Kumbakonam, the Bank of Assam, Ltd., Shillong, the South India Bank, Ltd., Tinnevelly, the United Sind-Punjab Bank, Ltd., Karachi and the Jodhpur Commercial Bank, Ltd., Jodhpur.


SCHEDULED BANKS' CONSOLIDATED POSITION
CRORES OF RUPEES
640
600
560
520
480
440
400
360
320
280
240
200
160
120
80
40
Demand Deposits
Advances &
Bills Discounted
Time Deposits
Cash and Balances
with the Reserve Bank
Bills Discounted
S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946

On the liabilities side, demand and time liabilities recorded a continuous increase throughout the year, except during the month of March when demand liabilities showed a slight decline on account of the end of year tax payments, and stood respectively at Rs.703·65 crores and Rs.296·00 crores for March 1946 as compared with Rs.604·26 crores and Rs.220·28 crores for March 1945. The range of variation between the minimum and maximum of demand and time liabilities during the year 1945-46 was Rs.100·43 crores and Rs.72·14 crores respectively, as compared with Rs.84·97 crores and Rs.49·86 crores in the previous year indicating that time deposits record a tendency to grow more rapidly than demand deposits. The total of demand and time liabilities reached Rs.999·65 crores in March 1946, the highest since the beginning of the war.

On the assets side, with the continuous increase in deposits, cash showed a sustained rise from 28·86 crores for March 1945 to Rs.40·77 crores for January 1946, after which it declined to Rs.36·27 crores for March 1946; but the balances with the Reserve Bank fluctuated between the minimum of Rs.74·00 crores for May 1945 and the maximum of Rs.111·42 crores for September 1945. Throughout they were considerably in excess of the statutory minimum, the excess varying between the minimum and maximum of Rs.37·94 crores and Rs.74·16 crores for the months of July and September 1945 respectively. The percentage of cash and balances with the Reserve Bank to total demand and time liabilities fluctuated between the minimum of 11·77 for March 1946 and the maximum of 16·18 for September 1945, these months marking the culmination respectively of the busy and slack seasons of the year. After remaining nearly steady in the first four months of the year, advances steeply declined from Rs.282·46 crores for the month of July 1945, to Rs.249·66 crores for the month of October 1945 (the lowest for the year) because of the slack season; thereafter they continuously increased, except for a slight fall in the month of February, until in March they reached Rs.341·54 crores (the highest for the year), this being due mainly to seasonal demand and activity on the stock exchanges. These movements are almost identical with those of the year 1944-45 in which the highest and lowest advances of Rs.272·81 crores and Rs.198·63 crores respectively were recorded during the months of March and October. Bills discounted also indicate a parallel trend during the last two years, the highest and the lowest amounts during the year under report being Rs.20·38 crores and Rs.13·26 crores for January 1946 and October 1945, as compared with the respective amounts of Rs.14·91 crores and Rs.9·08 crores for March 1945 and June 1944. There is, however, no perceptible improvement in the ratio of advances and bills discounted to total demand and time liabilities.

Of the 16 Indian scheduled banks and 3 Burma scheduled banks which were functioning in Burma prior to evacuation, so far 12 banks of which one is a Burma scheduled bank have resumed business in Rangoon by the 23rd January 1946. The demand and time deposits of these banks as on the 31st March 1946 amounted to Rs.5,16,77,000 and Rs.92,55,000 respectively.

64. *Clearing House Statistics.*—Statement XXX shows the amount of cheques cleared through the more important Clearing Houses in India and Burma since 1918-19. The total amount of cheques cleared in India increased from Rs.5,617 crores in 1944-45 to Rs.6,540 crores in 1945-46. Out of the increase of Rs.923 crores, Calcutta and Bombay together accounted for Rs.725 crores. They handled 38·0 per cent. and 43·2 per cent. respectively of the total cheques cleared. With the pre-war

year 1938-39 as base, the index numbers of the value of cheques cleared (*vide* Table below) during the last seven years 1939-40 to 1945-46 are 117, 107, 136, 149, 226, 279 and 323 respectively. Statement XXXI gives the monthly figures of the number and amount of cheques cleared in 1945-46 including the sixteen Clearing Houses managed by the Imperial Bank of India. It will be noticed that the increase in the amount of cheques passed through the Clearing Houses was proportionately greater than the increase in their number.

It is not possible to determine accurately the turnover of bank deposits in India but a comparison of the ratio of clearings to scheduled banks' liabilities furnishes an approximate and general idea of changes in the activity of bank deposits. The table below indicates that the main decline in the velocity of circulation of deposit currency had occurred by 1942-43, the ratio having declined from 15·3 for 1938-39 to 9·2 for 1942-43; since then, however, no appreciable change has occurred in the multiple of clearings to demand deposits.

Year	Average Demand Liabilities of Scheduled Banks*	Indices	Total Clearing House Returns*	Indices	*Number of times 4 to 2*
(1)	(2)	(3)	(4)†	(5)	(6)
1938-39	123·8	100	1,893	100	*15.3*
1939-40	132·6	107	2,221	117	*16.7*
1940-41	155·8	126	2,030	107	*13.0*
1941-42	200·1	162	2,575	136	*12.9*
1942-43	306·3	247	2,816	149	*9.2*
1943-44	456·6	369	4,281	226	*9.4*
1944-45	584·8	472	5,279	279	*9.0*
1945-46	654·5	496	6,120	323	*9.3*

* In crores of rupees. † Excluding Rangoon and "other centres" (*vide* Statement XXX).

65. *Internal Remittances.*—Statement XXXII(A) shows remittances during the year by telegraphic transfers both issued and encashed at the offices and branches of the Reserve Bank of India according to Centres. Statement XXXII(B) gives transfers of funds by demand drafts, telegraphic transfers and mail transfers through the Imperial Bank of India on its own account. Statement XXXII(C) shows the share of the general public, the scheduled and non-scheduled banks, the co-operative banks and societies and Government in the remittances by (1) telegraphic transfers, and (2) drafts and mail transfers effected through the Reserve Bank of India, the Imperial Bank of India and Treasury agencies together, for each of the half years ended September 1944, March 1945 and September 1945.

(A) The continued increase in the telegraphic transfers issued which began in 1940-41 when they stood at Rs. 277·74 crores was maintained during the year under review. Telegraphic transfers issued and paid at the offices of the Reserve Bank of India during 1945-46 stood at Rs.1,094·87 crores and Rs.1,025·34 crores respectively as against Rs.987·29 crores and Rs.925·91 crores in the previous year registering an increase of 10·9 per cent and 10·7 per cent. (B) The total remittances through the Imperial Bank of India increased by 8·3 per cent. largely due to a rise in the remittances within the Bombay circle, though there has been a fall in the remittances from and to the Bengal Circle as well as within the Bengal circle itself. (C) The total remittances through the Reserve Bank of India, the Imperial Bank of India and the Treasury agencies during the half year ended the 30th September 1945 on account of the general public continued to decline as in the previous year, while those on account of co-operative banks and societies showed an increase as compared with

the two previous half years. Remittances on account of Government continued to increase. The aggregate number of transactions showed a decline. The amount of remittances by telegraphic transfers during the half year ended the 30th September 1945 showed an increase as compared with the two previous half years, while the amount of remittances by drafts and mail transfers was lower than during the latter half of 1944-45 but was higher than during the corresponding period of the previous year. The total amount of remittances during the first half of 1945-46 stood higher at Rs.675·77 crores as compared with Rs.660·00 crores during the previous half year and Rs.607·89 crores during the corresponding period of 1944-45. Of the total remittances during the first half of 1945-46, the percentage shares of the scheduled banks, general public, Government and co-operative banks and societies were 60·9, 15·5 , 7·9 and 2·5 respectively.

The new scheme of remittance facilities is being availed of by the scheduled banks and co-operative banks to a larger extent than by the public. The increase in the issue of intra-provincial Government drafts is due partly to compulsory levy and purchase of food grains.

66. *Encashment of Foreign Circle Notes.*—Statement XXXIII shows the encashment of foreign circle notes in 1944-45. The total encashments during the year were higher at Rs. 53·30 crores as against Rs. 38·24 crores in 1944-45. As was observed in the earlier Reports the increase was due to a larger volume of commercial transactions effected on a cash basis and the large scale purchases by army contractors and transfers of funds from one centre to another by military field cashiers.

67. *Reserve Bank of India: Banking Department.*—Statement XXXVI shows the monthly averages of the liabilities and assets of the Banking Department of the Reserve Bank of India for each month during the year along with their annual averages from 1935-36 to 1945-46. Statement XXXIV gives weekly (Friday) figures for 1945-46.

The average deposits of the banks with the Reserve Bank of India in 1945-46 remained almost unchanged at Rs. 90·22 crores as compared with Rs.90·57 crores in 1944-45. The minimum and maximum deposits during the year stood higher at Rs.67·5 crores on the 21st December 1945 and Rs.115·10 crores on the 1st February 1946 respectively as against Rs.51·26 crores on the 7th April 1944 and Rs.113·10 crores on the 3rd November 1944. The balances which amounted to Rs.85·46 crores on the 30th March 1945 rose with occasional fluctuations to Rs.114·87 crores on the 14th September 1945. Since then they declined except during a few of the weeks and stood at Rs.72·98 crores on the 18th January 1946. After the issue of the High Denomination Bank Notes (Demonetisation) Ordinance on the 12th January 1946, the balances swiftly rose to Rs.115·10 crores on the 1st February 1946; but subsequently on account of seasonal demand and tax payments, they declined to Rs.73·95 crores on the 22nd March 1946, and again rose to Rs.76·90 crores by the close of the year.

The deposits of the Central and other Governments with the Reserve Bank of India were considerably higher on an average during the year at Rs. 407·61 crores as against Rs.179·50 crores in 1944-45, and reached the record figure of Rs.556·91 crores on the 29th March 1946. The highest and lowest balances of the Central Government during the year were Rs.530·91 crores on the 22nd February 1946 and Rs.251·42 crores on the 8th June 1945. The reasons for this remarkable increase are indicated in paragraph 43 on Government balances.

On the assets side, the average cash balances rose from Rs.11·19 crores last year to Rs.16·72 crores. The average balances held abroad, including cash and short-term investments in sterling securities, showed a very steep rise from Rs.277·28 crores to Rs.488·23 crores. The increase represented the excess of receipts of sterling from the Central Government over the transfers to the Issue Department as cover for the increases in note issue.

The average of loans and advances to Government declined further, from Rs.43 lakhs to Rs.22 lakhs, the highest amount under this head being Rs.2·19 crores on the 13th April 1945. The average investments of the Banking Department increased from Rs.13·13 crores to Rs.24·65 crores, being the highest since 1935. The average of other loans and advances, comprising advances to schedule banks and co-operative banks, rose from Rs.11 lakhs to Rs.12 lakhs during the year under review, the highest amount reached being Rs.2·30 crores on the 18th January 1946. The average of bills purchased and discounted showed a comparatively larger rise from Rs.1·46 crores in 1944-45 to Rs. 3·35 crores in 1945-46, the highest amount being Rs.8·98 crores on the 20th April 1945.

68. *Reserve Bank of India: Issue Department.*—Statement XXXVII shows the monthly averages of the liabilities and assets of the Issue Department of the Reserve Bank of India for each month of the year together with their annual averages since the commencement of the operations of the Bank in 1935; Statement XXXV gives weekly (Friday) figures in respect of these for 1945-46, and Statement XXXVIII shows notes in circulation in India and Burma as on the last Friday of each month since April 1940.

Notes in circulation (excluding Burma notes) increased further by Rs.133·89 crores or by 12·34 per cent. from Rs.1,084·88 crores on the 30th March 1945 to Rs.1,218·77 crores on the 29th March 1946. The total notes issued stood at Rs.1,238·41 crores at the end of 1945-46 as compared with Rs.1,094·66 crores at the end of the previous year, showing an increase of 13·13 per cent. Thus the percentage of increase in the notes in circulation and the total notes issued during the year under review has perceptibly declined as compared to the increase in the preceding two years of 37·12 per cent. and 22·93 per cent. in the former year and 36·60 per cent. and 22·33 per cent. in the latter year respectively.

On the assets side gold coin and bullion remained unchanged at Rs.44·42 crores, their percentage to total notes issued further declining from 4·05 to 3·59. The valuation of the gold holding continued to be based on the statutory rate of Rs.21-3-10 per tola while the market rate for gold stood at Rs.97-12-0 on the 31st March 1946. As in the previous years the Bank's holdings of sterling securities increased continuously and stood at Rs.1,120·32 crores on the 29th March 1946 compared with Rs.978·32 crores on the 30th March 1945. The percentage of sterling securities to total notes issued rose to 90·46 at the end of the year from 89·37 at the end of the previous year; the percentage of gold and sterling securities together to total notes issued stood at 94·05 at the end of the year as compared with 93·43 at the end of 1944-45.

Rupee securities which stood at Rs.57·84 crores on the 30th March 1945 remained steady throughout the year 1945-46. The holding of rupee coin (including one rupee notes) fluctuated between Rs.10·15 crores on the 25th January 1946 and Rs.18·32 crores on the 6th April 1945 and stood at Rs.15·83 crores at the end of March 1946.

The graphs on pages 101 and 102 illustrate the relative movements in the various components of the assets of the Issue Department and the liabilities of the Banking Department of the Reserve Bank of India; the liabilities of the Issue Department are entirely made up of notes issued and the assets of the Banking Department are largely composed of (sterling) balances held abroad; a graph of combined assets and liabilities of the Bank is also given on page 103 and shows the Bank's over-all position. The figures below bring out the direction and extent of changes in the principal items of liabilities and assets of the Bank on the combined basis.

TABLE 30.—WARTIME CHANGES IN CERTAIN ITEMS OF ASSETS AND LIABILITIES OF THE RESERVE BANK OF INDIA.

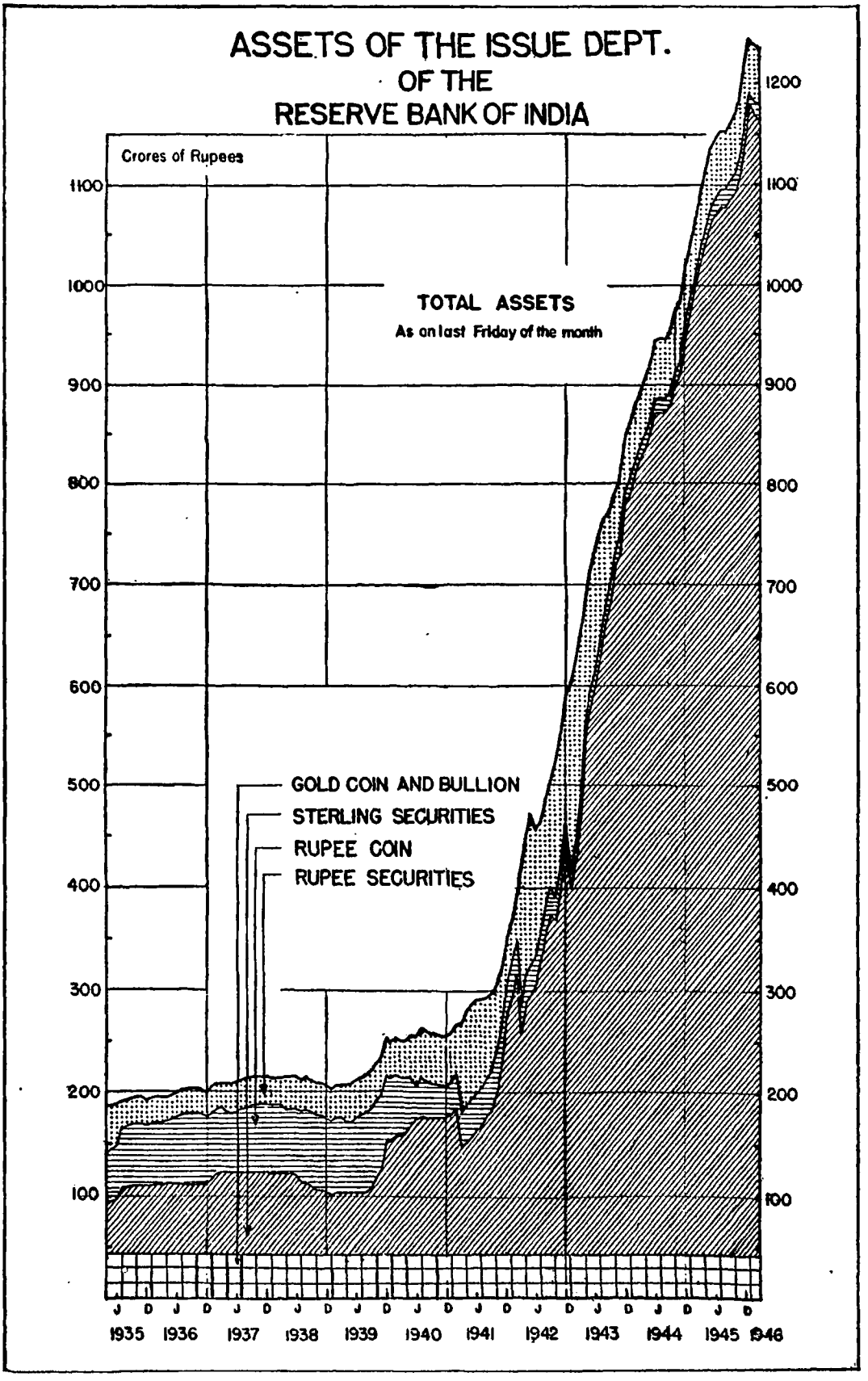
(In crores of rupees)

	End of month : change over previous date						
	March 1940*	March 1941	March 1942	March 1943	March 1944	March 1945	March 1946
Note Circulation :							
Increase over previous date ..	+ 60	+ 19	+ 152	+ 234	+ 239	+ 202	+ 134
Progressive increase	..	+ 79	+ 231	+ 465	+ 704	+ 906	+ 1,040
Deposits :							
Increase over previous date ..	— 2	+ 23	..	+ 24	+ 79	+ 226	+ 251
Progressive increase	..	+ 21	+ 21	+ 45	+ 124	+ 350	+ 601
Total Sterling Assets :							
Increase over previous date ..	+ 75	+ 3	+ 104	+ 261	+ 437	+ 417	+ 361
Progressive increase	..	+ 77	+ 182	+ 443	+ 880	+1,297	+ 1,658
Total Rupee Coin :							
Increase over previous date ..	— 20	— 21	— 7	— 13	— 2	+ 2	+ 2
Progressive increase	..	— 41	— 48	— 61	— 63	— 61	— 59
Total Rupees Securities :							
Increase over previous date ..	+ 2	+ 49	+ 53	+ 32	— 113	+ 9	+ 12
Progressive increase	..	+ 51	+ 104	+ 136	+ 23	+ 32	+ 44

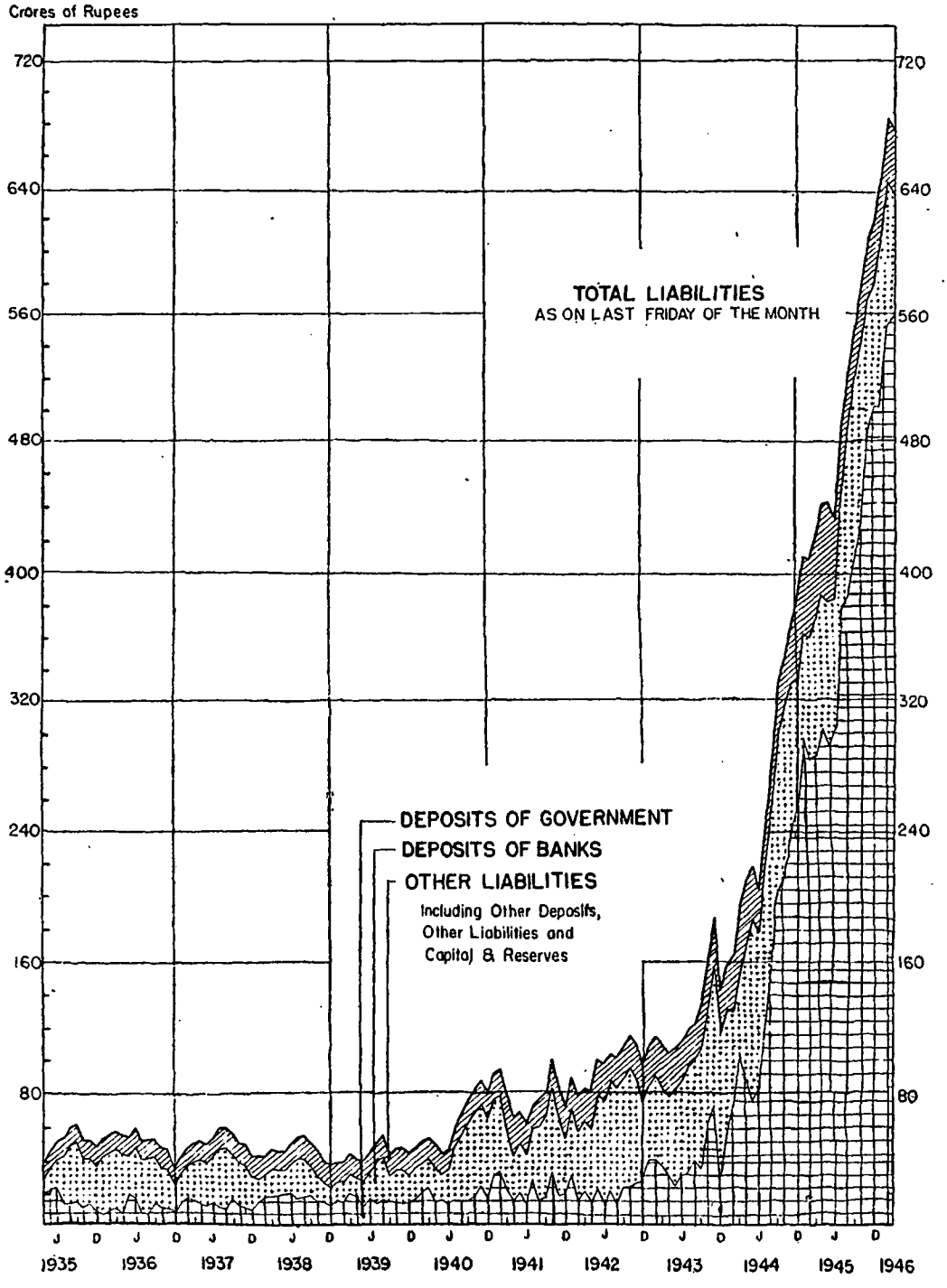
* Change over August 1939.

The above table shows that up to the end of 1941-42, the addition to the note circulation was greater than the net accumulation of sterling assets, and was partly backed by additions to rupee securities rendered necessary by the utilisation of considerable amount of sterling in debt repatriation. During 1942-43 the accumulation of sterling assets began to outpace the progressive net increase in note circulation while the amount of rupee securities held also continued to increase. By the end of 1942-43, the progressive addition to the note circulation (since the beginning of war) corresponded more or less with the net accretion of sterling. During the last three years, however, the additions to the note circulation are considerably less than the net additions to sterling assets and there has been appreciable replenishment of the (cash) balances of the Government and the banks with the Reserve Bank. It may, however, be noted that the annual net additions to note circulation and sterling assets in the last three years have progressively declined, while (cash) balances of the Government and the banks with the Reserve Bank have progressively increased.

The Rangoon office of the Reserve Bank of India which remained closed during the period of enemy occupation, reopened for business on the 20th August 1945, and took over the functions of the British Military Administration Treasury temporarily established after the liberation of Burma. Business was, however, limited to receipts and payments on account of the B.M.A. But as ordinary banking facilities were not then available to the public, at the request of the B.M.A. the Bank undertook to accept deposits from the public bearing interest which was debitable to the account of the B.M.A. After the reopening of the scheduled banks in Rangoon, however, this facility was discontinued as from the 1st February 1946.

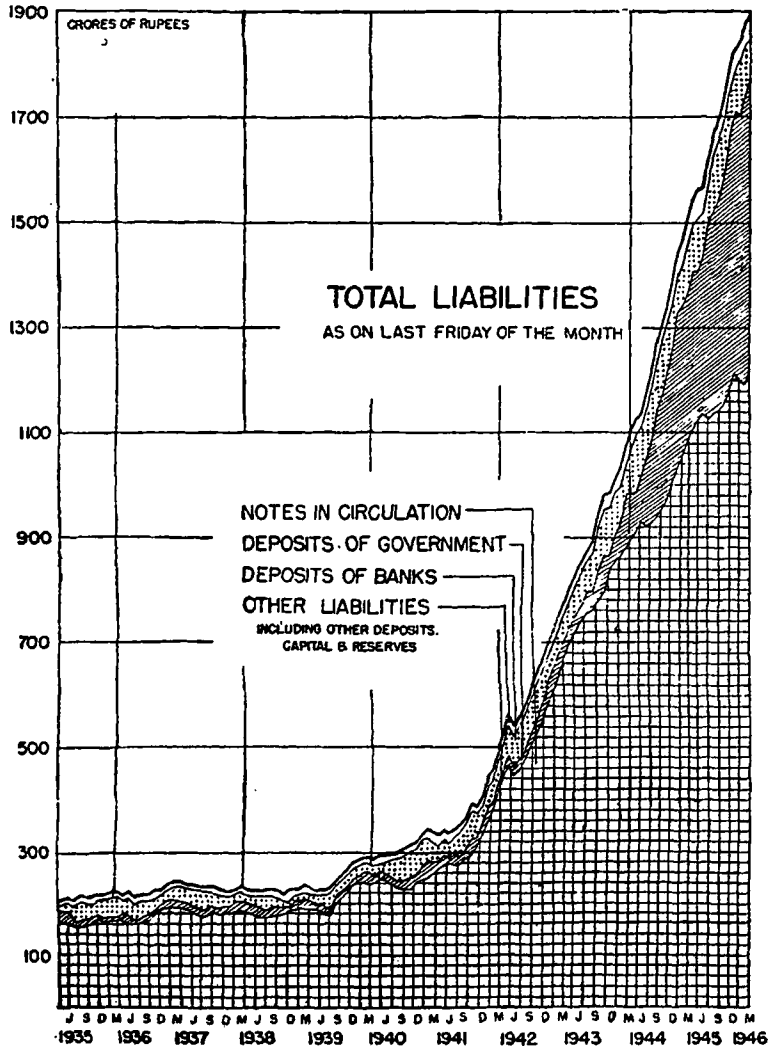

ASSETS OF THE ISSUE DEPT.
OF THE
RESERVE BANK OF INDIA
Crores of Rupees
TOTAL ASSETS
As on last Friday of the month
GOLD COIN AND BULLION
STERLING SECURITIES
RUPEE COIN
RUPEE SECURITIES
1200
1100
1000
900
800
700
600
500
400
300
200
100
J D J D J D J D J D J D J D J D J D J D J D J D
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946

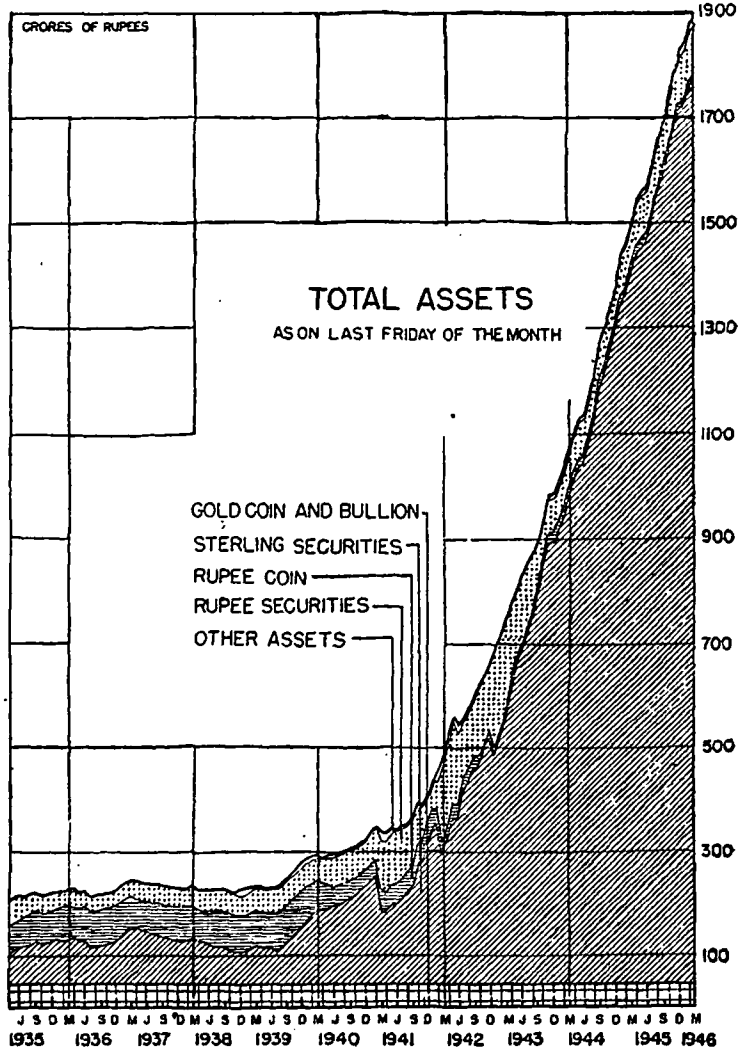
LIABILITIES OF THE BANKING DEPT.
OF THE
RESERVE BANK OF INDIA


Crores of Rupees
720
640
560
480
400
320
240
160
80
TOTAL LIABILITIES
AS ON LAST FRIDAY OF THE MONTH
DEPOSITS OF GOVERNMENT
DEPOSITS OF BANKS
OTHER LIABILITIES
Including Other Deposits, Other Liabilities and Capital & Reserves
J D J D J D J D J D J D J D J D J D J D J D
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946

LIABILITIES AND ASSETS OF THE RESERVE BANK OF INDIA

ISSUE AND BANKING DEPTS. COMBINED


CRORES OF RUPEES
1900
1700
1500
1300
1100
900
700
500
300
100
TOTAL LIABILITIES
AS ON LAST FRIDAY OF THE MONTH
NOTES IN CIRCULATION
DEPOSITS OF GOVERNMENT
DEPOSITS OF BANKS
OTHER LIABILITIES
INCLUDING OTHER DEPOSITS. CAPITAL & RESERVES
J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946


CRORES OF RUPEES
1900
1700
1500
1300
1100
900
700
500
300
100
TOTAL ASSETS
AS ON LAST FRIDAY OF THE MONTH
GOLD COIN AND BULLION
STERLING SECURITIES
RUPEE COIN
RUPEE SECURITIES
OTHER ASSETS
J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M J S D M
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946

69. *Banking Legislation.*—The Banking Companies Bill, 1945, which was introduced in the Legislative Assembly on the 16th November 1944 and which was to have been referred to a Select Committee lapsed when the Assembly was dissolved last year. The Bill was, therefore, reintroduced by the Finance Member in the newly elected Assembly on the 15th March 1946 and a motion for the reference of the Bill to a Select Committee of the Legislative Assembly was adopted by the Assembly on the 11th April 1946. The main features of the Bill are as follows.

(*i*) A simple definition of banking with the object of limiting the scope of the legislation to institutions in which funds are deposited, primarily to ensure their safety and ready withdrawability;

(*ii*) Fixing of minimum capital standards;

(*iii*) Prohibition of trading with a view to eliminating non-banking risks;

(*iv*) Inclusion in the scope of the legislation of banks incorporated or registered outside British India;

(*v*) Introduction of a comprehensive system of licensing banks;

(*vi*) Provision of an expeditious procedure for liquidation;

(*vii*) Inspection of the books and accounts of a bank by the Reserve Bank when necessary;

(*viii*) Empowering the Central Government to take action against banks conducting their affairs in a manner detrimental to the interests of the depositors; and

(*ix*) Prescription of a special form of balance sheet and conferring of powers on the Reserve Bank to call for periodical returns.

The Bill as introduced now has been revised in certain respects in the light of opinions expressed by the public so as to give the Reserve Bank of India a greater control over banks, in such matters as calling for statistical returns and information from banks, and their admission to or exclusion from the Schedule. Other modifications relate to the exemption of scheduled banks in existence on the 1st January 1946, from being compelled to use either of the words 'Bank', 'Banker', or 'Banking' in their name. So also the provisions relating to the disposal of non-banking assets have been liberalised. Clause 18 relating to the licensing of banks has been also redrafted so as to be applicable to all banks with the exception that scheduled banks other than those whose country of origin discriminates in any way against British Indian banks are exempted from compliance with it. Non-scheduled banks and the foreign banks excepted above must, however, comply with the requirements of the proposed legislation and obtain a licence within a period of 5 years.

Pending enactment of the Banking Companies Bill by the Legislative Assembly, the Central Government issued an Ordinance on the 15th January, namely the Banking Companies (Inspection) Ordinance, 1946, empowering Government to direct the Reserve Bank to inspect the affairs of any banking company. The Ordinance *inter alia* empowers Government to take corrective action, if after perusing the Reserve Bank's report of inspection, Government consider that the affairs of a banking company are conducted to the detriment of its depositors. Government may, wherever necessary, prohibit the banking company concerned from receiving fresh deposits, or refuse its inclusion as a scheduled bank, or direct its exclusion from the schedule if it was already so included.

VII. CURRENCY

A. CIRCULATION AND ABSORPTION

70. *Circulation and Absorption of Notes.*—Statement XXXIX shows the year-end figures and annual averages of the total notes issued, and in circulation (excluding Government of India one rupee notes issued in 1940) since the quinquennium ended 1913-14, together with the percentage annual rise or fall in the circulation. India notes and Burma notes are shown separately for the years 1937-38 to 1941-42. The figures for 1942-43 and later years relate to India notes only, as from June 1942, the Bank was relieved of its liabilities in regard to Burma notes. The decline in the relative as well as the absolute expansion of note circulation, which began with the year 1943-44, was maintained during the year under review. Notes in circulation registered an increase of Rs.133·89 crores, to Rs.1,218·77 crores at the end of 1945-46 as against Rs.202·39 crores in 1944-45, Rs.238·91 crores in 1943-44, and Rs.261·85 crores in 1942-43. The annual rate of expansion declined to 12 per cent. in 1945-46 from 23 per cent. in 1944-45, 37 per cent. in 1943-44 and 69 per cent. in 1942-43, the last being the highest recorded annual rate of increase. The average circulation for the year, having increased by 20 per cent., worked out at Rs.1,162·64 crores, as against Rs.968·69 crores during 1944-45.

There was a net absorption of notes during all the months of 1945-46 except in July 1945, when there was a net return of Rs.8·24 crores, and again in January and February 1946, when there were returns of Rs.11·20 crores, and Rs.3·79 crores respectively. In 1944-45, a net return (of Rs.9·41 crores) was recorded only in July 1944, this being for the first time since July 1941. The average monthly absorption during 1945-46 declined to Rs.11·16 crores from Rs.16·87 crores during 1944-45; it stood at Rs.21·82 crores in 1942-43, the peak year of absorption. As usual the maximum absorption occurred in December at Rs.34·52 crores, as against Rs.36·51 crores in December 1944, Rs.46·43 crores in December 1943, and Rs.30 crores in December 1942. During the first half of the year the increase in note circulation averaged at Rs.9·49 crores per month as against Rs.9·79 crores for the corresponding period of 1944-45. During the second half of the year, or the busy season, the monthly average rate of increase rose to Rs.12·82 crores. The rise was not so pronounced as that of last year when the monthly average rate rose to Rs.23·94 crores in the second half of the year. The fall in the rate of expansion, to a considerable extent due to the continuation of the vigorous loan policy of the Government, was substantially accentuated, particularly in the second half of the year, by a fall in the Defence expenditure of the Government of India as well as that on behalf of the Allied Governments, and also by a change during the year in India's international balance of payments through larger merchandise imports.

71. *Absorption of Rupees.*—The fall in the demand for rupee coin which has been in evidence since 1943-44 was arrested during the year under report. The absorption stood at Rs.18·35 crores, compared with Rs.10·05 crores in 1944-45, Rs.25·60 crores in 1943-44 and the record figure of Rs.44·93 crores in 1942-43. There was a return of rupee coin during April, July, August and September 1945, totalling Rs.4·91 crores compared with a return of Rs.3·69 crores during July, August and November 1944. The increase in circulation during the first nine months of the year was relatively small and amounted to Rs.2·40 crores as against Rs. 4·36 crores during the corresponding period of the previous year. The last quarter, however, witnessed a marked rise in the absorption with a monthly average of

Rs.5·32 crores which was over twenty times the absorption during the rest of the year, and compared with Rs.1·90 crores and Rs.2·36 crores during the corresponding periods of 1944-45 and 1943-44 respectively.

With the cessation of the legal tender character of the standard coin with effect from the 1st November 1943, the quaternary rupees and Government of India one rupee notes constitute as from that date the total amount of rupee coin in circulation. The aggregate amount in circulation of the Government of India one rupee notes and quaternary rupees (first issued in July and December 1940 respectively) stood at Rs.123·81 crores at the end of October 1943. The circulation of rupee coin rose to Rs.137·33 crores at the end of 1943-44, to Rs.147·38 crores at the end of 1944-45 and to Rs.165·73 crores at the close of 1945-46.

During the year the Bank received from the Government of India, one rupee notes and coin, on four occasions to the extent of Rs.20 crores in all, under Section 36 of the Reserve Bank of India Act as amended in July 1940, against credits to Central Government, and against value in Bank notes.

72. *Absorption of Small Coin.*—Statement XL shows the annual absorption of small coin by denominations for each of the years 1919-20 to 1945-46 and average annual absorption for the two preceding quinquenniums. Unlike rupee coin, the demand for small coin showed a steep fall during the year under review, the decline in absorption being more marked than in the case of notes. The absorption during the year stood at Rs.9·98 crores compared with the record figure of Rs.19·20 crores in 1944-45, Rs.18·46 crores in 1943-44, Rs.11·64 crores in 1942-43. As during 1944-45, the absorption during the second half of the year (which generally coincides with the busy season) was smaller at Rs.3·03 crores as against Rs.6·95 crores in the first half; this indicates the continuance of the decline in the rate of absorption noticed last year. The monthly absorption ranged between Rs.1·63 crores in May 1945 and Rs.33 lakhs in December 1945. The following table shows the absorption of small coin by denominations during the war.

TABLE 31.—WARTIME ABSORPTION OF SMALL COIN BY DENOMINATIONS.*

(In lakhs of rupees)

Denominations	September to August						September 1939 to August 1945
	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	
I. SILVER							
8 annas	1,43	1,34	2,20	4,63	6,07	4,78	**20,45**
4 „	89	91	1,98	3,66	5,95	4,83	**18,22**
Total Silver Coin ..	2,32	2,25	4,18	8,29	12,02	9,61	**38,67**
II. NICKEL							
4 annas	14	..	— 8	— 5	— 1	— 2	**— 2**
2 „	88	69	1,28	2,87	3,42	2,61	**11,75**
1 anna	87	76	1,31	2,49	3,59	2,84	**11,86**
½ „	..	..	17	83	1,39	1,02	**3,41**
Total Nickel Coin ..	1,89	1,45	2,68	6,14	8,39	6,45	**27,00**
III. COPPER							
Pice	27	24	24	14	40	56	**1,85**
Half Pice	1	1	1	..	..	..	**3**
Pie Pieces	1	1	1	1	..	..	**4**
Total Copper Coin ..	29	26	26	15	40	56	**1,92**
IV. Total Small Coins ..	**4,50**	**3,96**	**7,12**	**14,58**	**20,81**	**16,62**	**67,59**

* Excluding Burma since February 1942.

With the exception of the pice pieces, whose absorption increased slightly from Rs.40 lakhs to Rs.56 lakhs, the absorption of all denominations of small coin showed a considerable decline during the last war year, as compared with the previous war year. Of the net issues of small coin between September 1939 and August 1945, silver accounted for 57·2 per cent., nickel for 40·0 per cent. and copper for 2·8 per cent.

The increase in circulation of small coin in the different circles during the last three years are shown in the table below.

TABLE 32.—ABSORPTION OF SMALL COIN BY CIRCLES.

(In thousands of rupees)

Circle	1943-44	1944-45	*Percentage increase (+) decrease (—) over 1943-44*	1945-46	*Percentage increase (+) or decrease (—) over 1944-45*
Bombay	5,82,85	4,67,75	*—19·7*	2,03,19	*—56·6*
Calcutta	6,43,36	7,60,81	*+18·3*	5,44,03	*—28·5*
Cawnpore	2,50,27	3,06,94	*+22·6*	1,12,49	*—63·4*
Karachi	33,94	26,71	*—21·3*	6,37	*—76·2*
Lahore	1,37,13	1,69,24	*+23·4*	23,23	*—86·3*
Madras	1,98,71	1,88,93	*—4·9*	1,08,52	*—42·6*
Total .. .	**18,46,26**	**19,20,38**	**+4·0**	**9,97,83**	**—48·0**

The decline in the absorption of small coin as compared with the previous year was shared more or less by all the circles; the decline was maximum at 86·3 per cent. in the case of Lahore followed by Karachi and Cawnpore; Calcutta showed the smallest decrease at 28·5 per cent. Of the total absorption of Rs.9·98 crores of small coin, Bombay and Calcutta accounted for Rs.7·47 crores or 74·8 per cent., the share of Calcutta as in the previous year being the largest at 54·5 per cent.

73. *Total Absorption of Currency.*—Statement XLI gives the annual absorption of notes, rupee coin and small coin since 1914-15. Statement XLII gives similar figures on a monthly basis for 1945-46 and 1944-45. The total absorption of currency including small coin during the year was lower at Rs.162·22 crores as against Rs.231·64 crores in 1944-45, Rs.282·97 crores in 1943-44 and the record figure of Rs.318·42 crores in 1942-43 and compares with the aggregate total absorption of Rs.199·10 crores during the whole of the last war period between 1914-15 and 1918-19. The following table gives the war time absorption of currency since September 1939.

TABLE 33.—WAR TIME ABSORPTION OF CURRENCY.

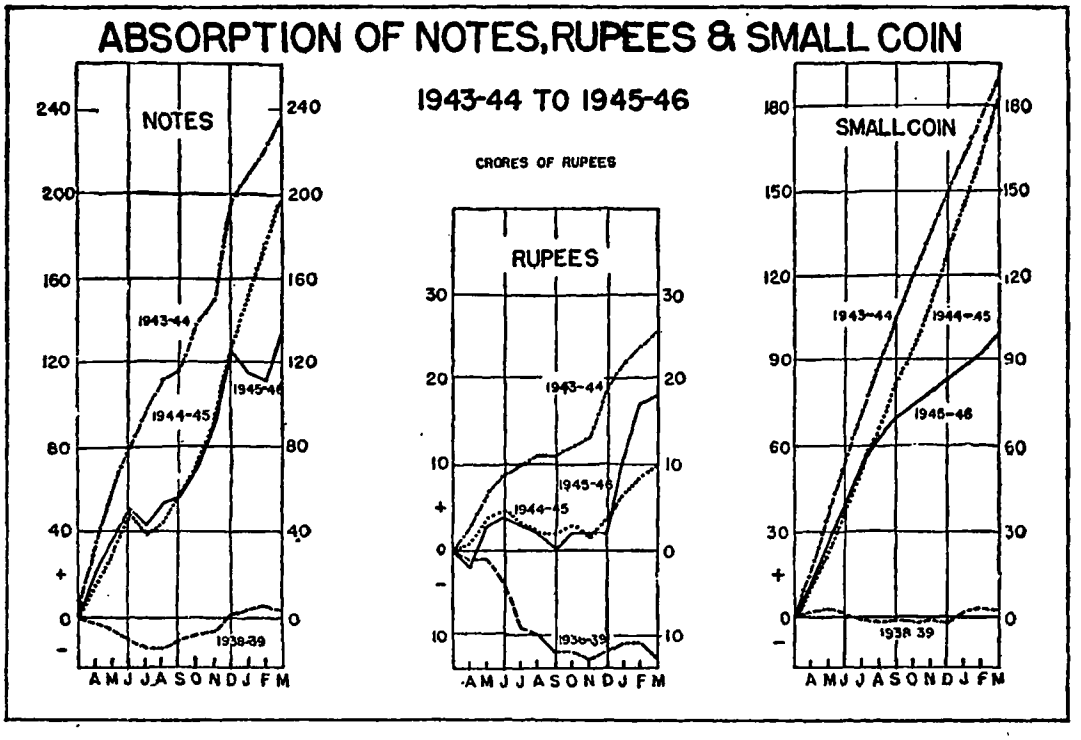
(In lakhs of rupees)

	Notes*	Rupee Coin*	Small Coin†	Total
September 1939 to August 1940 ..	52,60	52,82	4,50	**1,09,92**
„ 1940 „ 1941 ..	45,10	—3,84	3,96	**45,22**
„ 1941 „ 1942 ..	226,00	11,74	7,12	**2,44,86**
„ 1942 „ 1943 ..	280,38	54,95	14,58	**3,49,91**
„ 1943 „ 1944 ..	172,37	16,43	20,81	**2,09,61**
„ 1944 „ 1945 ..	212,44	10,06	16,62	**2,39,12**
Total ..	**988,89**	**142,16**	**67,59**	**11,98,64**

* Excluding Burma since April 1942. † Excluding Burma since February 1942.

Of the total war time absorption of legal tender currency of Rs.1,198·64 crores, notes accounted for Rs.988·89 crores or 82·5 per cent., rupee coin for Rs.142·16 crores or 11·9 per cent. and small coin for Rs. 67·59 crores or 5·6 per cent.

The accompanying two graphs bring out the trends in the war time absorption of currency referred to above. The graph below shows absorption during the years 1943-44 to 1945-46 separately for (*i*) notes, (*ii*) rupees, and (*iii*) small coin. The linear diagram in the second graph at page 109 shows the progressive absorption of notes, rupees and small coin since the beginning of the war, while the bar diagram depicts the absorption month by month, for the entire period of the war, of notes, rupees and small coin separately.



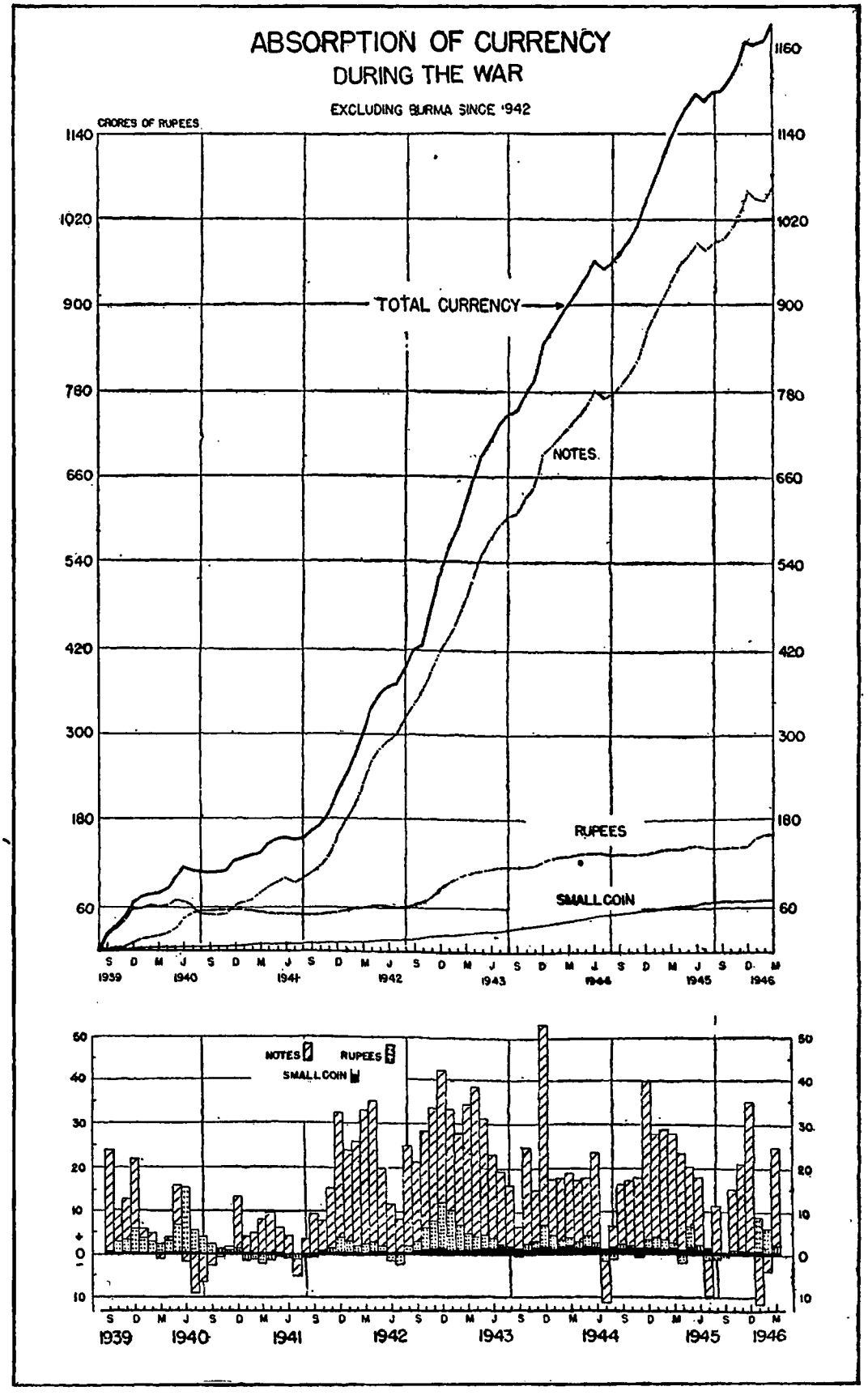
74. *Seasonal Movements of Currency.*—The normal seasonal variations in the absorption of currency reflect the incidence of the busy and the slack seasons. This seasonal ebb and flow of currency has, however, been appreciably smoothened out and occasionally overborne by the steady demand for additional currency arising from the sustained level of the Governmental expenditure connected with the war and the tempo of economic activity arising therefrom. The table below shows the seasonal fluctuations in the demand for currency from 1939-40, the period September to February being regarded as the busy season and March to August as the slack season.

TABLE 34.—SEASONAL DEMAND FOR CURRENCY.

(In lakhs of rupees)

	Slack Season (March to August)			Busy Season (September to February)		
	Notes	Rupee Coin	Total	Notes	Rupee Coin	Total
1939–40	—12,32	—10,74	—23,06	60,66	17,21	77,87
1940–41	—8,06	35,52	27,46	17,99	2,32	20,31
1941–42	27,11	—6,08	21,03	103,09	8,99	112,08
1942–43*	122,91	2,73	125,64	140,10	40,04	180,14
1943–44*	140,28	14,91	155,19	112,86	12,79	125,65
1944–45*	59,51	3,64	63,15	132,33	7,35	139,68
1945–46*	80,11	2,71	82,82	56,45	15,28	71,73

* Excluding Burma figures from April 1942.


ABSORPTION OF CURRENCY
DURING THE WAR
EXCLUDING BURMA SINCE 1942
CRORES OF RUPEES
TOTAL CURRENCY
NOTES.
RUPEES
SMALL COIN
NOTES
RUPEES
SMALL COIN
1939
1940
1941
1942
1943
1944
1945
1946

It may be observed that while from 1940-41 onwards there has been an absorption of currency both during the slack and the busy seasons, the demand for currency during the slack seasons of 1940-41, 1943-44 and 1945-46 exceeded the busy season absorption during these years. The panicky demand for silver rupee coin in the summer of 1940-41 partly accounted for the larger absorption in the slack season during that year; the cumulative effect of the various stabilisation measures explained the relatively smaller absorption in the busy season of 1943-44, while the gradual falling off in the war time demand for currency mainly accounts for a similar phenomenon during the year under review.

75. *Note Circulation and Demand Deposits.*—The following table gives comparative figures of the expansion in note circulation and the changes in scheduled banks' demand deposits since the beginning of the war, on a half yearly basis.

TABLE 35.—CHANGES IN NOTE CIRCULATION AND DEMAND DEPOSITS OF SCHEDULED BANKS.

(In crores of rupees)

	1941-42		1942-43		1943-44		1944-45		1945-46	
	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March	April to Sept.	Oct. to March
1. Note circulation at the end of period	270	388	498	651	764	882	941	1,085	1,142	1,219
2. Increase during the period	29	118	110	153	113	118	59	144	57	77
3. *Percentage increase*	*12*	*44*	*23*	*31*	*17*	*15*	*7*	*15*	*5*	*7*
4. Demand Deposits at the end of period	209	227	318	370	460	524	588	597	645	701
5. Increase during the period	37	18	91	52	90	64	64	9	48	56
6. *Percentage increase*	*22*	*9*	*40*	*16*	*24*	*14*	*12*	*2*	*8*	*9*

Under normal conditions opposite trends were witnessed in the movements in the volume of currency circulation and of demand deposits in the busy and slack seasons, note circulation tending to rise and demand deposits to contract in the busy season and *vice versa* in the slack season. During the war both deposits and currency circulation have continued to expand, the incidence of the seasons being reflected in their varying rates of expansion: during the first half of the year, corresponding generally to the slack season in trade, there has been usually a greater relative increase in demand deposits than in notes issued, while a larger comparative expansion in note circulation than in deposits has occurred in the second half of the year which corresponds to the busy season. These trends have been observed to be in evidence throughout, except in the second half of 1943-44 when the rate of expansion in note circulation was smaller than that in the first half, and again in the second half of 1945-46 when the absolute as well as the percentage increase in demand deposits was higher than in the first half.

It may be noted that the period of the highest rate of expansion in note circulation was between October 1941 and September 1942, while the period of the highest absolute increase was between October 1942 and September 1943. There was a sharp drop in the rate of increase in the note circulation in the period following April 1944, largely due to the anti-inflationary policy of the Government of India, consisting of vigorous loan and taxation programmes, and official sales of bullion. The further reduction in the rate of increase in 1945-46 was due to conditions brought about by the end of the war. The period of the highest rate of expansion in demand

deposits was between April 1942 and March 1943, while between April 1943 and March 1944 there was the highest absolute increase. From April 1944 there was a sharp drop in the rate of expansion of demand deposits until September 1945, but it was sustained again at higher levels in the period between October 1945 and March 1946. Compared with deposits, notes in circulation moved up at a faster rate up to the end of 1942-43 ; in the subsequent period 1943-44 to 1945-46, the rise in both has been more or less of the same order, *viz.* 87 per cent. in note circulation and 89 per cent. in deposits. During the year under review deposits increased by 17 per cent. as against an increase of only 12 per cent. in note circulation.

76. *Total "Money Supply" in India.*—Under this head is given a somewhat closer analysis of the trends during the course of the war, and during the year under review, in the total "money supply" in the country, and its main constituents, with a view to indicating the fundamental factors underlying the process of monetary expansion.

The table on page 112 shows the composition of the total money supply in the country since the beginning of the war at annual intervals upto September 1945, and on a monthly basis for the year 1945-46. Total "money supply" may be said to consist of (legal tender) currency in circulation, plus demand deposits of all banks including the Reserve Bank, minus total cash reserves of banks (including cash held by banks and their deposits with the Reserve Bank). Of this, currency in circulation plus demand deposits of banks (including the Reserve Bank), excluding Government deposits with the Reserve Bank and the total cash reserves of banks, may be said to represent the cash balances of the public. The Government deposits with the Reserve Bank may be said to constitute the cash balances of Government.

It may be noticed that the rate of increase in money supply after having reached its peak by September 1942, has been declining thereafter. Against this tendency, there has been a sharp rise in the rate of increase in the rupee debt of Government since then. Underlying the decline in the rate of increase in total money supply, there has been a greater deceleration in the rate of increase in the cash balances of the public, while the cash balances of Government have grown considerably.

As regards the sources of additions to money supply the total net accrual of sterling from the surplus balance of payments on private as well as on Government Account, *i.e.*, including the payments on account of the supply of goods and services to His Majesty's and Allied Governments in India against recoverable war expenditure, has been the largest part of what may be termed as the inflationary potential, while the budget deficit on revenue account and the defence expenditure on capital account are the other constituents. The additions to the internal rupee debt of the country acts largely as a deflationary influence (*viz.*, a factor tending to reduce the volume of money supply in the hands of the public) ; but this has been reflected partly in the high and rising level of government balances recently. The expansion of the public's cash balances measures the extent of monetary inflation. The progressive series of each of these factors, since April 1939, are given in the table on page 113.

The direct correlation between the net accrual of sterling and the increase in total money supply is readily apparent. During the first three years the net progressive amount of accrual of sterling is somewhat larger than the degree of increase in monetary circulation, and during the last four years it is somewhat

TABLE 36.—TOTAL MONEY SUPPLY IN INDIA.

(Rupees in crores)

	Aug. 1939	Sept. 1940	Sept. 1941	Sept. 1942	Sept. 1943	Sept. 1944	Sept. 1945	April 1945	May 1945	June 1945	July 1945	Aug. 1945	Sept. 1945	Oct. 1945	Nov. 1945	Dec. 1945	Jan. 1946	Feb. 1946	March 1946
1. Notes in Circulation	169	217	268	493	760	941	1,142	1,107	1,121	1,137	1,129	1,139	1,142	1,156	1,176	1,211	1,200	1,196	1,219
2. Demand deposits of Banks (scheduled & non-scheduled)* ..	141	163	213	324	473	610	672	633	649	659	653	671	672	685	700	700	730	732	728
3. Deposits with the Reserve Bank of India (excluding deposits of Burma Government)	41	60	65	91	117	311	528	410	409	399	470	500	528	552	579	591	617	652	643
4. Deposits of banks with the Reserve Bank	27	46	49	65	73	96	111	84	91	79	75	105	111	111	83	76	105	92	77
5. Cash held by banks (scheduled & non-scheduled)*	7	9	10	15	24	33	41	37	38	44	39	41	41	42	43	50	50	44	42
6. Total cash Reserves of Banks, scheduled and non-scheduled (4 + 5)*	34	55	59	80	97	129	152	121	129	123	114	146	152	153	126	126	155	136	119
7. Money Supply excluding rupee coin & small coin (1+2+3—6) ..	317	385	487	828	1,253	1,733	2,190	2,029	2,050	2,072	2,138	2,164	2,190	2,240	2,329	2,376	2,392	2,444	2,471
8. Index of Money Supply excluding rupee coin & small coin	100	121	154	261	395	547	691	640	647	654	674	683	691	707	735	750	755	771	779
9. Increase in Money Supply excluding rupee coin & small coin	..	+ 68	+102	+341	+425	+480	+457	..	+ 21	+ 22	+ 66	+ 26	+ 26	+ 50	+ 89	+ 47	+ 16	+ 52	+ 27
10. *Percentage rate of increase*	..	*21·5*	*26·5*	*70·0*	*51·3*	*38·3*	*26·4*	..	*1·0*	*1·1*	*3·2*	*1·2*	*1·2*	*2·3*	*4·0*	*2·0*	*0·7*	*2·2*	*1·1*
11. Increase in Circulation of rupee coin	..	+ 55	— 7	+ 14	+ 53	+ 17	+ 9	..	+ 5	+ 1	— 1	— 1	—0·7	+0·6	+0·5	+0·4	+ 9	+ 6	+ 1
12. Increase in Circulation of small coin	..	+ 5	+ 4	+ 8	+ 15	+ 21	+ 16	..	+ 2	+ 1	+ 1	+0·9	+0·6	+0·5	+ 0·4	+0·3	+0·5	+0·6	+0·7
13. Increase in Total Money Supply (9+11+12)	..	+128	+ 99	+363	+493	+518	+482	..	+ 28	+ 24	+ 66	+25·9	+25·9	+51·1	+89·9	+47·7	+25·5	+58·6	+28·7
14. Circulation of rupee coin	..	..	..	..	124†	+140	148	146	150	151	150	149	148	149	149	150	158	164	166
15. Total Money Supply (excluding small coin) (7+14)	..	..	..	..	1,377	1,873	2,338	2,175	2,200	2,223	2,288	2,313	2,338	2,389	2,478	2,526	2,550	2,608	2,637

Columns 1-7, 14 & 15: Figures as on last Friday. * For some periods figures relating to non-scheduled banks are estimates. † As at the end of October 1943.

smaller. During the last four years the figure for Budget deficit and the Defence Capital expenditure has grown considerably, although for the last two years it has been declining slightly, and this provides another element to the inflationary potential. But the simultaneous large increase in the rupee debt of the Central Government has partly neutralised the inflationary impact of the Budget deficit on the public's cash balances, though, in the process, government's cash balances have appreciably increased. Some part of the increase in bank deposits (and therefore in total money supply) must be assigned to secondary expansion as reflected in the appreciable rise in bank advances since the last quarter of 1942 (*vide* para 62), but for the greater part the increase is primary in character, and derives from the same factors as the increase in the currency circulation.

TABLE 37.—GENERAL ANALYSIS OF SOURCES OF MONEY SUPPLY.

(In crores of rupees)

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46
(1) Total net accrual of sterling to end of period since the beginning of war	100	187	435	819	1,260	1,680	2,026
(2) Budget deficit including Defence Capital Expenditure, progressive* ..	..	7	19	184	411	635	795
(3) Total of (1) and (2) ..	**100**	**194**	**454**	**1,003**	**1,671**	**2,315**	**2,821**
(4) Increase in note circulation, rupee coin and small coin circulation, and in total deposits of scheduled banks, progressive	82	163	379	870	1,350	1,706	2,048
(5) Increase in deposits with the Reserve Bank, progressive† (of which addition to Central Government balances, progressive)	9 (4)	46 (11)	34 (19)	58 (13)	112 (50)	346 (255)	596 (503)
(6) Total of (4) and (5) ..	**91**	**209**	**413**	**928**	**1,462**	**2,052**	**2,644**
(7) Increase in the Rupee debt of the Central Government since 31st March 1939, progressive.	18	152	231	497	623	860	1,200‡

* The actual figures of budget deficit are nil, 6.5, 12.7, 112.2, 189.8 and 161.1 and 145.0 crores respectively for the seven years from 1939-40 to 1945-46 (revised) and of defence capital expenditure 52.5, 37.5, 62.8 and 14.9 crores during the last four years. † Increase in the average of the last quarter of each year. ‡ Provisional.

B. MISCELLANEOUS MATTERS CONNECTED WITH CURRENCY AND COINAGE

77. *Changes in the form of Notes.*—No alterations were made in respect of paper, size, colour, etc., of notes of various denominations (including the Government of India one rupee notes) issued during 1945-46.

78. *Encashment of Burma Notes.*—The stringent restrictions on the import of Burma notes into India and on their encashment detailed in previous years' reports were cancelled with effect from the 1st May 1945 following the re-occupation of Burma early in 1945. As from that date the exchange of Burma notes into Indian Currency at par is allowed at the following offices.

(*a*) Reserve Bank of India, Issue Department, Calcutta.

(*b*) Imperial Bank of India, Chittagong.
(*c*) The treasuries at Imphal and Aijal and the sub-treasuries at Margherita and Cox's Bazar.

For amounts upto Rs.500 exchange is allowed on production of a certificate signed by any Civil Affairs Service (Burma) Officer. For exchanging amounts in excess of Rs.500 a certificate is required to be produced from a Senior Civil Affairs Officer in Burma, the Political Officer at Margherita or the Government of Burma Representative at Calcutta. The above change in procedure resulted in a large increase in the encashment of Burma notes during the year under review, amounting to Rs.9,95,45,870 as against only Rs.9,33,305 during 1944-45 and an aggregate of Rs.16,78,03,585 since the 5th January 1942 when the offices of the Reserve Bank in India were first authorised to encash Burma notes. The outstanding Burma notes for the week ended the 12th June 1942 when liabilities in respect of these were transferred to the Government of India stood at Rs.28·69 crores.

79. *Circulation of Notes by Denominations.*—Statement XLIII shows the relative popularity of the different denominations of notes as at the end of December 1945. Expansion of paper currency during 1945 was accounted for in different degrees by notes of all denominations, excepting those of Rs.50 and Rs.500, issues of which further declined from Rs.30 lakhs and Rs.32 lakhs to Rs.25 lakhs and Rs.26 lakhs respectively. A relatively greater absorption of higher denomination notes has been noticed during the war. Notes of the denomination of Rs.100 rose from 38 per cent. of the total notes issued at the end of 1944 to the record figure of 41·2 per cent. during 1945, the highest percentage previously recorded being 40·5 in 1924. For the first time since 1914 notes of the denominational value of Rs.100 and above showed a greater proportionate circulation than lower denomination notes; their percentage circulation rose to 50·6, from 48·1 in December 1944 and 38·2 in December 1939, since when they have been showing a continual rise. The proportion of Rs.1,000 denomination, however, showed a small decline during 1944 and stood at 9·4 per cent. at the end of December 1945 compared with 10·1 per cent. a year before and 10·9 per cent. at the end of December 1943. Amongst the lower denomination notes, the proportion of Rs.2 denomination, introduced in February 1943 to relieve the strain on one rupee notes, increased further to 1·2 per cent. by the end of December 1945 from 1·0 per cent. a year before and 0·7 per cent. at the end of December 1943. The Rs.5 and Rs.10 notes continued to decline and stood at 12·8 per cent. and 35·3 per cent. respectively as against 14·8 per cent. and 36·1 per cent. at the end of 1944.

80. *Demonetisation of High Denomination Notes.*—With a view to discouraging black market operations, and tax evasions the Government of India promulgated two Ordinances on the 12th January 1946 *viz.*, the Bank Notes (Declaration of Holdings) Ordinance, 1946 and the High Denomination Bank Notes (Demonetisation) Ordinance, 1946. The first Ordinance required all banks and Government treasuries in British India to furnish to the Reserve Bank of India by 3 P.M. on the 12th January a statement of their holdings of bank notes of Rs.100, Rs.500, Rs.1,000 and Rs.10,000 separately as at the close of business on the 11th January 1946. In order to enable banks to prepare the statement, 12th January was declared a bank holiday under the Ordinance. The second Ordinance demonetised bank notes of the denomination of Rs.500 and above with effect from the expiry of the 12th day of January 1946. This Ordinance provided that a non-scheduled bank could exchange high denomination notes declared by it under the Bank Notes (Declaration of Holdings) Ordinance

at the Reserve Bank or a scheduled bank, for value in one hundred rupee notes or for credits with the Reserve Bank or a scheduled bank. Scheduled banks and Government treasuries could obtain from the Reserve Bank value in one hundred rupee notes or in deposits with the Reserve Bank in exchange for high denomination notes declared by them under the abovementioned Ordinance. Other holders of high denomination notes could get them exchanged at the Reserve Bank, a scheduled bank or a Government treasury on presentation of the high denomination notes and a declaration in the form prescribed in the schedule to the Ordinance, within 10 days of the commencement of the Ordinance. Under a Press Note issued subsequently by the Government of India on the 26th January 1946, Managers and Officers in charge of offices and branches of the Reserve Bank of India were authorised to allow exchange of high denomination notes, in any particular case, up to and inclusive of the 9th February 1946 on production of sufficient and valid reasons. Thereafter the Governor and the Deputy Governor of the Bank were authorised to allow exchanges up to and inclusive of the 26th April 1946. The power for the extension of the time limit beyond the 26th April 1946 was retained by the Government of India.

The High Denomination Bank Notes (Demonetisation) Ordinance extended to British India only, but under a notification issued by the Political Department, Government of India, on the 22nd January 1946 the provisions of the Ordinance were extended to the Administered Areas with suitable modifications. Many Indian States also issued parallel Ordinances demonetising high denomination notes in their respective States. States, which did not enact legislation corresponding to the High Denomination Bank Notes (Demonetisation) Ordinance, were required to exchange their holdings of demonetised notes before the 7th March 1946 in accordance with the procedure prescribed in this behalf under the High Denomination Bank Notes (Demonetisation) Rules, which were framed by the Government of India under Section 11 of the Demonetisation Ordinance and published in the Gazette of India on the 26th January 1946. These Rules also provided for the exchange of high denomination notes held in places outside India.

Although the bulk of the demonetised notes aggregating Rs.109,66,91,000 were exchanged before the 26th January 1946, applications for exchanges of high denomination notes continued to be received after that date, particularly from Indian States, where, owing to the late issue of the parallel ordinances, varying time limits were fixed for the exchange of such notes. The total value of high denomination notes exchanged up to the 31st March 1946 was Rs.123,36,52,500.

81. *Old Notes.*—Section 34 of the Reserve Bank of India Act provides that any currency note or bank note which has not been presented for payment within 40 years from its date of issue shall be deemed to be no longer in circulation. The value of currency notes written off under this section during 1945-46 amounted to Rs.1,40,150 compared with Rs.1,29,180 in the previous year. Notes amounting to Rs.6,710 which had been previously written off under this section were presented for payment and were paid by the Banking Department during the year. The following table gives the value of notes written off and refunded for the past three years.

	1943-44	1944-45	1945-46
Value of Notes written off at the end of the year ..	2,11,260	1,29,180	1,40,150
Value of Notes refunded during the year ..	900	8,840	6,710

82. *Lost, Destroyed and Mutilated Notes.*—The table below gives the details of lost or wholly destroyed, half, and mutilated notes in respect of which claims were admitted during the year.

	No. of claims admitted	No. of pieces	Amount of claims admitted	Amount paid against claims
Lost or wholly destroyed notes ..	419	1,688	4,31,500	17,350*
Half notes	1,212	2,770	7,51,550	300,150
Mutilated notes	84,213	5,65,654	3,706,357	2,718,971½

* Represents amount paid during 1945-46 in respect of claims admitted in previous years.

83. *Note Forgeries.*—The total number of forged notes (including Government of India one rupee notes) received during the year showed a large increase and stood at the record figure of 23,792 compared with 12,675 in 1944-45 and 13,239 in 1943-44. The distribution of note forgeries according to denominations for the last three years is given below.

Year	Re. 1 Old Notes	Re. 1 Government of India Notes	Rs. 2	Rs. 2½	Rs. 5	Rs. 10	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000
1945-46	..	12,306	584	..	494	10,389	..	17	1	1
1944-45	..	4,820	2,599	..	352	4,894	1	9	..	..
1943-44	1	8,560	1,280	1	210	3,140	..	17	..	30

Of the total number, Government of India one rupee notes detected in Lahore aggregated 9,145 or 38·4 per cent. Forgeries of Rs.10 notes received in the Calcutta and Rangoon Offices numbered 5,367 and 2,947 respectively or 22·5 per cent. and 12·4 per cent. The number of forged notes of all denominations detected amounted to 9,892 in Lahore, 6,581 in Calcutta, 2,970 in Rangoon and 2,311 in Cawnpore. The following table gives certain particulars regarding prosecutions on account of forgeries for the past three years.

Year	Fresh prosecutions	Pending at the end of the previous year	Total trials	Discharges	Convictions	Pending
1945-46 ..	39	36	75	18	18	39
1944-45 ..	51	15	66	15	15	36
1943-44 ..	23	13	36	11	10	15

84. *Coinage.*—Statement XLIV gives mintage of rupee coin since 1835. Rupees were not minted between 1922 and 1940. Rupee coin minted during 1945 amounted to Rs.22·59 crores against Rs.23·76 crores in 1944. The table on page 117 gives the total mintage of rupee coin and the various denominations of small coin during 1945-46 at the Bombay, Calcutta and Lahore mints.

TABLE 38.—MINTAGE OF RUPEES AND SMALL COIN BY DENOMINATIONS.

Denomination	Bombay Mint Rs.	a.	Calcutta Mint Rs.	a.	Lahore Mint Rs.	a.	Total Rs.	a.
Quaternary Rupees	8,94,94,000	0	....		7,79,00,000	0	**16,73,94,000**	**0**
„ Half Rupees ..	1,09,11,000	0	....		3,02,44,500	0	**4,11,55,500**	**0**
„ Quarter Rupees.	3,51,38,000	0	....		22,87,500	0	**3,74,25,500**	**0**
Nickel 2 annas	1,44,98,500	0	64,03,000	0	4,83,500	0	**2,13,85,000**	**0**
„ 1 anna	40,48,750	0	1,40,67,500	0	2,55,000	0	**1,83,71,250**	**0**
„ ½ anna	4,44,000	0	30,58,250	0	5,000	0	**35,07,250**	**0**
Single Pice	19,43,700	0	18,25,530	13½	13,73,800	0	**51,43,030**	**13½**
**Total .. .. ..

Under the Indian Coinage Amendment Act, 1918, silver two anna pieces are no longer coined and issued. The coin, however, continues to be legal tender. The standard silver four anna coin also continues to be legal tender.

87. *Withdrawal of Nickel and Copper Coin.*—Eight anna nickel coin were withdrawn under Section 15A of the Indian Coinage Act, 1906, with effect from the 1st October 1924, and are now received at the Issue Offices only. Double pice coin are also being withdrawn from circulation but are still received at the Treasuries and the Issue Offices. The total nominal value of uncurrent coins and badly worn and defaced nickel, copper and bronze coins withdrawn from circulation during the year was as follows.

		Rs.	a.	p.
Uncurrent coin	Nickel eight anna	280	8	0
	Bronze double pice	434	10	0
Badly worn and defaced nickel, copper and bronze coin.	Nickel -/4/-	68,572	12	0
	Nickel -/2/-	51,634	10	0
	Nickel -/1/-	57,140	12	0
	Nickel -/½/-	256	0	0
	Single Pice	4,676	11	0
	Half Pice	8	6	3
	Pie Pieces	258	2	5
	Total ..	**1,83,262**	**7**	**8**

88. *Counterfeit Coin.*—The following table gives the number of counterfeit coin by denominations cut at Treasuries and railway stations during the three years 1943-44 to 1945-46.

	1945-46		1944-45		1943-44	
	Silver	Nickel	Silver	Nickel	Silver	Nickel
Rupees	8,056	....	7,143	....	39,223	....
Half Rupees ..	9,293	10	4,881	28	7,365	96
Quarter Rupees ..	9,795	3,170	7,113	1,406	7,363	3,605
Eighth Rupees ..	142	40,530	93	18,300	151	9,400
One Anna	....	4,509	....	3,241	....	4,307
Half Anna	....	3	....	....	....	....
Total ..	**27,286**	**48,222**	**19,230**	**22,975**	**54,102**	**17,408**

STATEMENT I

INDEX NUMBERS OF WHOLESALE PRICES AND COST OF LIVING IN INDIA AND CERTAIN OTHER COUNTRIES SINCE 1938

(JANUARY—JUNE 1939=100).

(*Reference paragraph* 13)

	India		U. K.		U. S. A.		Canada		Australia	
	Calcutta	Bombay								
	P	C	P	C	P	C	P	C	P	C
(Original Base.	July 1914	July 1933 to June 1934	1930	July 1914	1926	1935-39	1926	1935-39	1928-29	1923-27)
Year & month										
1938	96	102	104	101	103	102	107	102	....	....
1939	109	102	106	104	101	101	103	101	....	....
1940	121	108	140	121	103	101	113	105	110	104
1941	141	118	157	129	114	106	123	112	117	110
1942	187	151	164	130	129	118	130	116	131	119
1943	311	223	167	129	135	125	136	118	137	123
1944	302	229	171	131	136	127	140	118	139	122
1945	292	227	174	132	139	130	141	119	....	123
1943 April	296	217	167	129	136	125	135	117	137	....
May	329	219	168	129	136	126	135	118	137	125
June	323	227	168	130	136	126	136	118	139	....
July	336	228	169	129	135	125	137	118	139	....
August	349	230	167	129	135	125	137	119	138	123
September	353	236	167	129	135	125	138	119	139	....
October	338	239	167	129	135	125	139	119	138	....
November	318	239	167	129	135	125	140	119	138	122
December	305	238	168	129	135	126	140	118	138	....
1944 January	301	230	169	130	135	125	140	118	138	....
February	304	222	169	130	136	125	140	118	137	122
March	304	218	169	130	136	125	141	118	137	....
April	301	223	170	130	136	126	140	118	138	....
May	295	227	171	130	136	126	140	118	138	122
June	304	228	171	131	137	127	140	118	139	....
July	303	232	172	131	136	127	140	118	140	....
August	302	241	172	131	136	128	140	118	140	123
September	305	231	172	131	136	128	140	118	139	....
October	301	231	171	131	136	128	140	118	139	....
November	303	233	172	131	137	128	140	118	139	122
December	305	228	172	131	137	128	140	118	139	....
1945 January	303	221	172	131	137	128	140	118	138	....
February	303	221	172	131	138	128	140	118	139	122
March	310	217	172	131	138	128	141	118	139	....
April	300	218	172	132	138	128	141	118	140	....
May	297	222	173	133	139	129	141	119	139	122
June	290	227	175	135	139	130	141	120	140	....
July	284	232	176	133	139	131	142	120	140	....
August	286	235	175	132	138	130	141	119	140	123
September	282	232	174	132	138	130	140	119	140	....
October	283	234	174	132	139	130	140	119	140	....
November	280	234	174	132	140	131	141	119	139	123
December	286	234	174	132	140	131	141	119	....	....
1946 January	287	234	177	132	140	131	142	119	....	....
February	303	235	176	132	141	131	143	....	....	....
March	306	238	177	....	143	....	....	....	....	....

P-Wholesale Prices. C-Cost of Living. Sources: Calcutta—Indian Trade Journal (P); Bombay—Labour Gazette (C); U.K.—Board of Trade (P); Ministry of Labour (C); U.S.A.—Bureau of Labour Statistics (P.C.); Canada—Dominion Bureau of Statistics (P.C.); Australia—Monthly Bulletin of Statistics, League of Nations (P.C.).

STATEMENT II

INDEX NUMBERS OF WHOLESALE PRICES IN INDIA BY GROUPS OF ARTICLES SINCE 1939-40

(*Average of weekly figures*)

(Week ended 19th August 1939=100; Source: Economic Adviser to the Government of India)

(*Reference paragraph* 14)

Year and Month	Agricultural Commodities	Raw Materials	Primary Commodities	Manufactured Articles	Chief Articles of Export	General Index	Certain Industrial Articles						Food Articles†
							Sugar	Kerosene	Petrol	Cotton Manufactures	Jute Manufactures	Cement	
1939-40§ ..	**127·5**	**118·8**	**124·2**	**131·5**	**130·5**	**125·6**	**121**	**109**	**109**	**117**	**178**	**109**	
1940-41 ..	**108·6**	**121·5**	**113·4**	**119·8**	**114·1**	**114·8**	**100**	**122**	**125**	**118**	**186**	**114**	
1941-42 ..	**124·2**	**146·9**	**132·5**	**154·5**	**137·3**	**137·0**	**102**	**138**	**135**	**173**	**181**	**118**	
1942-43 ..	**166·2**	**165·9**	**166·0**	**190·4**	**161·7**	**171·0**	**127**	**185**	**163**	**292**	**183**	**136**	
1943-44 ..	**268·7**	**185·0**	**232·5**	**251·7**	**236·4**	**236·5**	**146**	**186**	**167**	**422**	**249**	**175**	
1944-45 ..	**265.4**	**206.0**	**240.5**	**258.3**	**243.9**	**244.2**	**158**	**176**	**170**	**293**	**252**	**211**	
1945-46 ..	**272.8**	**210.1**	**246.4**	**240.0**	**249.0**	**245.0**	**167**	**169**	**163**	**271**	**252**	**202**	
April 1943	265.7	174.2	225.4	235.6	229.4	**227.6**	143	194	166	469	232	145	
May „	282.6	173.4	233.7	246.8	240.8	**236.4**	143	194	166	505	255	145	
June „	284.1	178.4	237.1	257.5	243.2	**241.4**	143	198	166	513	252	162	
July „	273.0	182.8	233.7	259.5	236.3	**239.0**	143	203	166	493	237	186	
August „	273.3	183.8	234.3	251.6	239.3	**237.9**	143	194	166	426	246	185	
September „	272.0	181.4	232.4	251.3	238.2	**236.3**	143	177	166	417	247	182	
October „	277.5	184.6	235.8	255.8	243.6	**240.8**	143	178	166	417	253	182	
November „	268.5	189.1	234.3	256.9	239.3	**239.1**	149	178	166	405	252	186	
December „	261.0	189.3	230.3	251.8	234.2	**234.8**	151	178	166	381	251	182	
January 1944	262.7	193.4	233.2	251.3	234.0	**237.0**	151	178	166	381	252	182	
February „	258.4	194.8	231.8	251.0	232.4	**235.7**	151	178	168	350	254	182	243.4
March „	248.4	196.7	226.9	252.3	226.7	**232.1**	151	178	176	328	255	189	236·2
April „	247·8	199·4	227·7	261·2	229·8	**234·6**	151	178	176	324	256	212	233.7
May „	250·6	203·1	231·0	262·5	235·9	**237·4**	151	178	176	321	256	212	228.3
June „	256·1	204·3	234·5	259·4	239·3	**239·7**	151	180	176	300	256	212	232·1
July „	268·5	203·8	241·2	260·7	246·7	**245·3**	151	181	176	295	256	212	236·9
August „	268.8	201.5	240.3	262.5	246.9	**245.0**	151	175	168	295	256	212	237.3
September „	265.3	203.2	239.2	259.0	244.5	**243.3**	151	175	168	290	250	212	234·2
October „	262.7	208.3	240.1	255.8	242.4	**243.4**	159	175	168	285	249	212	233·9
November „	268.9	209.5	244.1	255.7	245.2	**246.5**	167	175	168	285	242	212	235·4
December „	273.8	210.2	247.1	256.8	248.0	**249.2**	167	175	168	285	246	209	231·4
January 1945	275.3	211.6	248.5	257.1	249.7	**250.3**	167	175	168	285	248	208	233.5
February „	274.5	209.0	246.9	255.7	249.1	**248.8**	167	175	163	278	252	208	231.3
March „	273·6	208.7	246.2	253·7	249.8	**247.8**	167	175	161	274	255	208	234.9
April „	267.9	208.5	243.1	239.6‡	246.8	**242.3**	167	175	161	275*	256	208	233·7
May „	258.3	208.7	237.8	239.0	241.8	**238.1**	167	175	161	276	252	208	234·0
June „	256.2	208.7	236.6	240.7	239.6	**237.4**	167	175	161	276	252	208	234·2
July „	268.3	212.0	244.8	242.8	248.6	**244.4**	167	175	168	277	253	208	236·7
August „	268.0	210.8	244.1	243.5	248.4	**244.1**	167	168	168	277	255	208	239·4
September „	264.2	210.8	241.9	242.9	246.2	**242.2**	167	168	168	277	256	208	238·2
October „	268.7	210.8	244.5	242.9	248.0	**244.1**	167	168	168	277	253	208	235·9
November „	271.1	210.8	245.9	236.0	246.4	**243.6**	167	168	168	266	243	193	236·5
December „	278.5*	211.7	250.3	235.8	249.1	**247.1**	167	168	168	262	243	193	238·8
January 1946	285.4*	211.2	253.9*	237.3	253.5*	**250.2***	167	166	160	262	246	193	240·5
February „	291.5*	210.3	256.7*	239.2	257.4*	**252.8***	167	165	157	262	255	193	243·0
March „	295.4*	206.3	256.9*	240.2	261.0*	**253.2***	167	159	142	262	256	193	244.8

§ Seven months ended March 1940. ‡ The fall in the index number as compared with March is due to the reappearance of the price quotations for galvanised corrugated sheets which are lower than the estimated quotations included for calculating the group index number from September 1941 to March 1945. † The series (Base: last week of August 1939=100) was started in February 1944. * Estimated.

STATEMENT III

Balance of Trade in Merchandise of British India, 1945

(*Reference paragraph* 16)

(In lakhs of rupees)

1944								1945							
Imports*	*Import Price Indices†*	Exports	*Export Price Indices†*	Re-exports	Total Exports	Balance of trade		Imports*	*Import Price Indices†*	Exports	*Export Price Indices†*	Re-exports	Total Exports	Balance of trade	
11,83	*119*	16,54	*132*	53	17,07	+ 5,24	January	18,21	*127*	18,07	*136*	1,39	19,46	+ 1,25	
11,58	*108*	23,32	*116*	56	23,88	+ 12,30	February	17,86	*127*	15,91	*135*	2,45	18,36	+ 50	
11,37	*138*	16,66	*123*	54	17,20	+ 5,83	March	19,70	*121*	13,24	*136*	1,78	15,02	— 4,68	
12,55	*142*	16,40	*135*	77	17,17	+ 4,62	April	18,31	*124*	16,04	*142*	46	16,50	— 1,81	
17,05	*123*	15,98	*133*	27	16,25	— 80	May	21,45	*141*	16,41	*130*	44	16,85	— 4,60	
14,21	*125*	18,95	*145*	29	19,24	+ 5,03	June	23,34	*131*	17,86	*134*	56	18,42	— 4,92	
19,26	*133*	21,44	*132*	56	22,00	+ 2,74	July	20,06	*134*	17,03	*133*	1,13	18,16	— 1,90	
17,22	*136*	18,24	*140*	47	18,71	+ 1,49	August	21,17	*118*	16,49	*127*	4,62	21,11	— 6	
13,37	*125*	18,54	*131*	2,75	21,29	+ 7,92	September	18,86	*118*	17,82	*129*	85	18,67	— 19	
16,86	*120*	18,27	*130*	3,03	21,30	+ 4,44	October	19,04	*129*	24,04	*133*	3,78	27,82	+ 8,78	
18,54	*113*	17,45	*132*	75	18,20	— 34	November	20,03		25,54		99	26,53	+ 6,50	
16,13	*117*	18,56	*132*	2,18	20,74	+ 4,61	December	19,60		19,32		2,94	22,26	+ 2,66	
1,79,97		**2,20,35**		**12,70**	**2,33,05**	+ 53,08	**Total**	**2,37,63**		**2,17,77**		**21,39**	**2,39,16**	+ 1,53	

* Excluding value of railway materials imported direct by State Railways working under company management which are not paid for in the ordinary way and not therefore taken into account in arriving at the balance of trade. † Base 1927-28 = 100.

STATEMENT IV

Valu of Monetary Stocks of Gold in Certain Countries*

(Reference paragraph 22)

(In million dollars)

	1913	1929	1938	1939	1940	1941	1942	1943	1944	1945
United States	1,290	3,900	14,512	17,644	21,995	22,737	22,726	21,938	20,619	20,065
United Kingdom	165	710	2,690	1	1	1	1	1	1	1
France	679	1,633	2,430	2,709	2,000	2,000	2,000	2,000	1,777	1,090
Switzerland	33	115	701	549	502	665	824	964	1,052	1,104
India	124	128	274	274	274	274	274	274	274	274
South Africa	34	37	220	249	367	366	634	706	814	943
Argentine	256	434	431	466	353	354	658†	939†	1,111†	(Nov.) 407
Belgium	48	163	581	609	734	734	735	734	732	(Oct.) 716
Brazil	90	150	32	40	51	70	115	254	329	352
Mexico	....	7	29	32	47	47	39	203	222	(Sept.) 294
Netherlands	61	181	998	692	617	575	506	500	500	270
Rumania	29	55	133	152	158	182	241	316	369	....
Sweden	27	66	321	308	160	223	335	387	(Oct.) 463	482
Turkey	....	....	29	29	88	92	114	161	221	236 (Nov.)

* Figures based on rate of $20·67 a fine ounce till 1934 and $35 an ounce thereafter. † Includes in addition to gold of the Central Bank held at home, gold of the Central Bank held abroad and gold belonging to the Argentine Stabilization Fund.

STATEMENT V

Highest, Lowest and Average (Annual) Prices of Gold and Silver in Bombay and Import Duty on Silver since 1926-27

(Reference paragraph 23)

Year	Gold (per fine tola)			Silver (per 100 tolas gross)			
	Highest	Lowest	Average ‡	Highest	Lowest	Average ‡	*Import duty*
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	*Rs. a. p.*
1926-27	21 11 6	21 4 6	21 7 8	72 0 0	55 8 0	63 1 5	*Nil*
1927-28	21 11 3	21 4 9	21 7 6	61 2 0	56 8 0	59 3 7	,,
1928-29	21 11 6	21 4 6	21 6 10	66 6 0	58 2 0	60 9 2	,,
1929-30	22 0 0	21 5 3	21 7 5	59 7 0	46 14 0	53 9 11	,,
1930-31	21 13 3	21 3 6	21 12 6	57 4 0	39 0 0	46 15 1	*9 6 0*
1931-32†	31 2 0	21 3 6	24 4 3	66 8 0	41 12 0	50 3 11	*14 1 0*
1932-33†	32 1 6	26 10 0	29 5 2	60 0 0	48 14 0	52 11 4	*14 1 0*
1933-34†	34 12 0	28 11 0	32 4 5	59 14 0	52 15 0	56 0 10	*17 9 3*
1934-35†	36 13 3	33 3 0	35 15 8	69 0 0	50 7 0	60 13 5	*11 11 6*
1935-36†	36 12 0	31 3 6	35 4 11	87 0 0	46 12 0	65 1 1	*4 11 0*
1936-37†	35 8 0	33 15 3	34 12 6	56 2 0	47 0 0	50 5 8	*4 11 0*
1937-38†	35 2 9	34 3 6	34 7 10	55 15 6	46 1 6	51 4 1	*7 0 6*
1938-39†	37 10 6	34 12 3	35 10 3	53 1 6	48 2 0	51 11 3	*7 0 6*
1939-40†	43 8 0	36 9 0	39 13 11	66 4 0	44 7 6	55 4 9	*7 0 6*
1940-41†	48 8 0	40 2 6	42 6 0	64 13 0	54 10 0	62 8 0	*7 0 6*
1941-42	57 12 0	41 9 6	44 7 11	97 6 0	61 12 6	66 11 4	*8 7 0**
1942-43	72 0 0	44 12 0	57 10 10	116 8 0	75 4 0	94 2 6	*8 7 0**
1943-44	96 4 0	65 4 0	76 11 6	141 8 0	101 8 6	120 7 11	*8 7 0**
1944-45	76 12 0	61 2 0	71 7 4	143 4 0	113 10 0	128 10 9	*8 7 0**
1945-46	97 12 0	63 6 0	80 3 0	159 6 0	118 0 0	135 1 11	*18 12 0*

‡ Average of closing quotations for working days. † Gold exported from India. * Including Surcharge of 20 per cent.

STATEMENT VI

Highest, Lowest and Average (Monthly) Prices of Bar Gold and Sovereigns in Bombay, 1945-46

(Reference paragraph 23)

Month 1945-46	Gold (per fine tola)						Sovereigns			Average estimated stocks of gold during each month in Bombay ‡
	Spot			Settlement ¶						
	Highest	Lowest	Average †	Highest	Lowest	Average †	Highest	Lowest	Average †	
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	(Tolas)
April	77 11 0 (28)	72 3 0 (6)	74 8 0	78 0 0 (28)	71 6 0 (1)	74 1 7	52 8 0 (28)	50 0 0 (2)	51 0 11	32,500
May	76 10 0 (19)	71 12 0 (8)	74 12 2	76 10 6 (23)	68 6 0 (8)	74 2 1	51 8 0 (23, 24 & 25)	48 12 0 (11)	50 9 10	45,000
June	79 14 0 (16)	74 0 0 (1)	77 3 10	80 2 0 (16)	73 9 0 (1)	76 15 2	53 12 0 (16)	51 4 0 (1 & 2)	52 7 10	66,000
July	79 14 0 (18)	77 10 0 (2)	78 9 3	79 9 0 (16)	77 5 0 (2)	78 6 6	54 4 0 (18 & 20)	52 4 0 (2)	53 9 6	93,750
August	79 0 0 (7)	63 6 0 (22)	73 8 2	78 15 6 (6)	62 6 0 (22)	73 3 6	53 15 0 (8)	44 0 0 (20 & 22)	50 4 6	70,000
September	79 10 0 (25)	71 8 0 (6)	74 9 8	78 15 0 (25)	70 11 0 (1)	74 4 1	53 0 0 (25)	48 10 0 (9)	50 12 4	1,50,000
October	79 0 0 (27)	73 8 0 (5)	76 7 0	79 3 0 (27)	73 3 0 (8)	76 4 7	54 0 0 (22, 25 & 30)	50 10 0 (1)	52 13 0	1,75,000
November	84 7 0 (28)	77 11 0 (1)	81 4 8	84 8 0 (12)	77 6 0 (1)	81 2 9	60 0 0 (24 & 28)	54 2 0 (2)	57 2 6	1,75,000
December	86 11 0 (4)	79 4 0 (10)	82 6 8	86 9 0 (4)	79 2 0 (10)	82 4 10	61 6 0 (4)	57 8 0 (10)	58 14 0	3,00,000
January	95 4 0 (28 & 30)	81 8 0 (2 & 4)	87 1 6	86 12 0 (21)	81 9 0 (2)	83 12 1	68 0 0 (29 & 30)	58 14 0 (4)	62 6 7	1,45,000
February	94 4 0 (11)	85 2 0 (28)	90 14 5	89 14 0 (21)	79 0 0 (28)	83 15 9*	66 4 0 (8 & 9)	61 8 0 (28)	64 11 9	47,500
March	97 12 0 (30)	82 0 0 (1)	94 4 1	82 12 0 (1)	79 0 0 (1)	78 12 0**	68 8 0 (30)	61 0 0 (1)	66 10 0	40,000

The price of gold in the United States was unchanged at $35 per fine ounce. The price of gold in London was changed from £8-8-0 to £8-12-3 per fine ounce from 9th June 1945.

Figures within brackets refer to dates of quotations. † Average of closing quotations for working days. ‡ Average of week-end stocks. * Forward trading for 4 days only. ¶ Weekly settlement upto 18th March 1946, and monthly settlement thereafter. ** Forward trading for one day only.

STATEMENT VII

PRICES (WEEKLY) OF GOLD AND SILVER AND ESTIMATED STOCKS IN BOMBAY, 1945-46

(Reference paragraph 23)

Friday 1945-46	Silver (per 100 tolas gross)									Gold (per fine tola)								
	Spot			Settlement‡			Premium of ready over settlement rate			Estimated Stocks (Bars)	Spot			Settlement‡			Premium of ready over settlement rate			Estimated Stocks (Tolas)
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.		Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	
April 6 ..	130	13	0	128	13	0	*2*	*0*	*0*	3,000	73	6	0	72	12	0	*0*	*10*	*0*	25,000
„ 13 ..	134	10	0	133	10	0	*1*	*0*	*0*	3,000	75	6	0	75	2	0	*0*	*4*	*0*	50,000
„ 20* ..	131	1	0	129	1	0	*2*	*0*	*0*	4,500	74	11	0	74	3	0	*0*	*8*	*0*	30,000
„ 27 ..	132	8	0	131	8	0	*1*	*0*	*0*	3,000	75	7	0	75	0	0	*0*	*7*	*0*	25,000
May 4 ..	127	6	0	126	4	0	*1*	*2*	*0*	2,500	74	6	0	73	4	0	*1*	*2*	*0*	25,000
„ 11 ..	126	8	0	124	2	0	*2*	*6*	*0*	1,500	73	7	0	71	11	0	*1*	*12*	*0*	50,000
„ 18 ..	129	4	0	128	12	0	*0*	*8*	*0*	1,000	76	3	0	75	3	0	*1*	*0*	*0*	30,000
„ 25 ..	131	10	0	131	4	0	*0*	*6*	*0*	1,000	75	1	0	74	14	0	*0*	*3*	*0*	75,000
June 1 ..	131	8	0	131	4	0	*0*	*4*	*0*	800	74	7	0	74	3	0	*0*	*4*	*0*	75,000
„ 8 ..	133	7	0	132	15	0	*0*	*8*	*0*	1,000	76	11	0	76	6	0	*0*	*5*	*0*	30,000
„ 15 ..	135	15	0	135	12	0	*0*	*3*	*0*	700	77	15	0	77	13	0	*0*	*2*	*0*	1,00,000
„ 22 ..	136	7	0	135	11	0	*0*	*12*	*0*	2,000	79	3	0	79	1	0	*0*	*2*	*0*	1,00,000
„ 29 ..	132	6	0	132	4	0	*0*	*2*	*0*	3,000	77	8	0	77	1	0	*0*	*7*	*0*	25,000
July 6 ..	138	7	0	137	11	0	*0*	*12*	*0*	2,500	79	3	0	79	0	0	*0*	*3*	*0*	1,00,000
„ 13* ..	136	0	0	135	4	0	*0*	*12*	*0*	3,000	77	11	0	77	10	0	*0*	*1*	*0*	1,00,000
„ 20 ..	138	11	0	138	3	0	*0*	*8*	*0*	2,500	79	3	0	79	2	0	*0*	*1*	*0*	1,00,000
„ 27 ..	135	5	0	134	9	0	*0*	*12*	*0*	2,000	77	14	6	77	13	0	*0*	*1*	*6*	75,000
August 3 ..	137	4	0	136	10	0	*0*	*10*	*0*	2,000	78	9	0	78	7	0	*0*	*2*	*0*	50,000
„ 10 ..	135	6	0	134	6	0	*1*	*0*	*0*	1,500	75	12	0	75	9	0	*0*	*3*	*0*	1,00,000
„ 17* ..	123	4	0	123	0	0	*0*	*4*	*0*	2,000	69	4	0	69	0	0	*0*	*4*	*0*	25,000
„ 24* ..	122	12	0	123	4	0	*0*	*8*	*0*	6,500	65	4	0	64	14	0	*0*	*6*	*0*	1,00,000
„ 31* ..	123	8	0	..				..		5,500	73	4	0	73	0	0	*0*	*4*	*0*	75,000
September 7* ..	121	4	0	..				..		4,500	72	8	0	72	4	0	*0*	*4*	*0*	1,50,000
„ 14 ..	123	6	0	123	6	0		..		4,000	72	0	0	72	2	0	*0*	*2*	*0*	1,50,000
„ 21* ..	129	14	0	129	8	0	*0*	*6*	*0*	3,500	75	1	0	74	12	0	*0*	*5*	*0*	1,25,000
„ 28 ..	136	0	0	135	12	0	*0*	*4*	*0*	3,500	76	6	0	76	4	0	*0*	*2*	*0*	1,75,000
October 5 ..	131	5	0	131	1	0	*0*	*4*	*0*	4,500	74	2	0	74	2	0		..		2,50,000
„ 12 ..	130	15	0	130	14	0	*0*	*1*	*0*	5,000	75	11	0	75	9	0	*0*	*2*	*0*	2,00,000
„ 19 ..	133	6	0	133	6	0		..		6,000	76	15	0	76	14	0	*0*	*1*	*0*	1,50,000
„ 26 ..	132	6	0	132	6	0		..		6,500	78	7	0	78	7	0		..		1,00,000
November 2 ..	130	4	0	130	4	0		..		6,000	78	0	0	77	12	0	*0*	*4*	*0*	2,00,000
„ 9 ..	134	3	0	134	3	0		..		6,000	81	6	0	81	4	0	*0*	*2*	*0*	1,75,000
„ 16 ..	133	5	0	133	5	0		..		5,500	80	9	0	80	9	0		..		1,25,000
„ 23 ..	133	8	0	133	8	0		..		6,500	83	0	0	82	15	0	*0*	*1*	*0*	2,00,000
„ 30 ..	133	8	0	133	8	0		..		6,000	83	13	0	83	12	0	*0*	*1*	*0*	1,75,000
December 7 ..	133	4	0	133	4	0		..		6,000	82	4	0	82	3	0	*0*	*1*	*0*	2,25,000
„ 14 ..	134	0	0	134	0	0		..		5,000	81	7	0	81	7	0		..		2,50,000
„ 21 ..	133	4	0	133	4	0		..		5,000	82	5	0	82	2	0	*0*	*3*	*0*	3,75,000
„ 28 ..	133	12	0	133	12	0		..		5,000	81	5	0	81	5	0		..		3,50,000
January 4 ..	135	6	0	135	6	0		..		4,000	82	11	0	82	11	0		..		2,50,000
„ 11 ..	138	2	0	138	2	0		..		4,000	83	9	0	83	7	0	*0*	*2*	*0*	2,50,000
„ 18 ..	138	0	0	138	8	0	*0*	*8*	*0*	4,500	89	0	0	85	0	0	*4*	*0*	*0*	30,000
„ 25* ..	137	0	0	137	4	0	*0*	*4*	*0*	4,000	89	0	0		..			..		50,000
February 1 ..	142	7	0	142	4	0	*0*	*3*	*0*	4,000	91	12	0		..			..		40,000
„ 8 ..	146	6	0	146	5	0	*0*	*1*	*0*	4,000	93	12	0		..			..		50,000
„ 15 ..	147	5	0	147	4	0	*0*	*1*	*0*	4,000	90	12	0		..			..		50,000
„ 22* ..	144	3	0	144	2	0	*0*	*1*	*0*	4,500	90	2	0		..			..		50,000
March 1 ..	143	4	0	138	4	0†	*5*	*0*	*0*	4,000	82	0	0		..		*3*	*4*	*0*	35,000
„ 8* ..	144	2	0	140	2	0†	*4*	*0*	*0*	5,000	89	0	0		..			..		50,000
„ 15* ..	151	0	0	..				..		5,000	92	8	0		..			..		50,000
„ 22 ..	156	11	0	..				..		5,000	97	0	0		..			..		40,000
„ 29 ..	159	1	0	158	5	0	*0*	*12*	*0*	3,500	97	4	0		..			..		25,000

* Market closed; preceding working day's quotations given. † Exclusive of the additional import duty of Rs. 10-5-0 for 100 tolas as imposed in the Central Budget for 1946-47. ‡ Weekly settlement up to 18th March 1946, and monthly settlement thereafter.

STATEMENT VIII

PRICE OF SILVER IN LONDON, NEW YORK AND BOMBAY (MONTHLY), 1945-46

(Reference paragraph 26)

Month 1945-46	Price in London (per fine ounce) Highest, Lowest, Average. d.	Market price in New York (per fine ounce) Highest, Lowest, Average Cents.	Price in Bombay (per 100 tolas gross) — Spot: Highest Rs. a. p.	Spot: Lowest Rs. a. p.	Spot: Average † Rs. a. p.	Settlement ¶: Highest Rs. a. p.	Settlement ¶: Lowest Rs. a. p.	Settlement ¶: Average † Rs. a. p.	Average estimated stocks during each month in Bombay ‡ (in bars of 2,800 tolas)
April	25½	44¾	135 15 0 (14)	129 4 0 (2)	131 14 7	135 2 0 (14)	127 0 0 (4)	130 6 4	3,375
May	25½	44¾	132 12 0 (28)	124 0 0 (8)	129 10 7	132 10 0 (28)	119 6 0 (8)	129 1 11	1,500
June	25½	44¾	138 12 0 (16)	129 4 0 (28)	133 13 5	138 14 0 (16)	128 14 0 (28)	133 6 1	1,500
July	25½	44¾	139 6 0 (10)	132 7 0 (2)	136 12 4	139 8 0 (10)	131 10 0 (2)	136 3 6	2,500
August..	25½	44¾	138 12 0 (8)	118 0 0 (27)	129 13 5	138 7 0 (7)	117 0 0 (20)	131 7 4	3,500
September	* 44 H, 25½ L, 30⅜ A	** 70⅜ H, 44¾ L, 52 A	138 8 0 (27)	120 4 0 (6)	128 6 7	138 0 0 (27)	120 0 0 (8)	128 12 8	3,875
October	44	** 70¾ H, 70⅜ L, 70 7/10 A	135 8 0 (1)	128 8 0 (8)	132 1 9	135 6 0 (1)	128 4 0 (8)	132 1 3	5,500
November	44	70¾	135 6 0 (10)	130 4 0 (2)	132 12 6	135 8 0 (10)	130 2 0 (2)	132 12 6	6,000
December	44	70¾	135 3 0 (4)	132 12 0 (7)	133 14 3	135 8 0 (5)	132 8 0 (7)	133 14 1	5,250
January	44	70¾	142 14 0 (29 & 30)	134 8 0 (2 & 4)	138 0 5	143 0 0 (29)	134 7 0 (2)	137 15 1	4,125
February	44	70¾	149 3 0 (12)	141 12 0 (25 & 26)	145 0 0	149 6 0 (12)	139 0 0 (28)	144 12 0	4,125
March	44	70¾	159 6 0 (30)	143 4 0 (1)	153 14 6	157 14 0§ (29)	137 14 0§ (5)	148 13 3§	4,500

Figures within brackets refer to dates of quotations.

† Average of closing quotations for working days. ‡ Average of week-end stocks. * Price of silver in London: 23½ *d.* per standard ounce from 3rd April 1942, 25½ *d.* per fine ounce from 2nd January 1945 and 44*d.* per fine ounce from 24th September 1945. ** Price of silver in New York: 44¾ cents per fine ounce from 1st September 1942, 70⅜ cents from 22nd September 1945 and 70¾ cents from 10th October 1945. § Market open only on 1st, 5th, 29th and 30th, the quotations on the 1st and 5th being exclusive of the additional duty of Rs. 10-5-0 per 100 tolas. ¶ Weekly settlement up to 18th March 1946 and monthly settlement thereafter.

H = Highest. L = Lowest. A = Average.

STATEMENT IX

Purchases of Sterling by the Reserve Bank of India, 1945-46

(Reference paragraph 28)

(In thousands of £ and rupees)

Net purchases *		Average rate of purchases †			Net purchases *		Average rate of purchases †	
£	Rs.	s.	d.		£	Rs.	s.	d.
77,253	1,03,00,15	1	6	1941-42				
88,322	1,17,75,72	1	6	1942-43				
				1943-44	101,756	1,35,67,18	1	6
	1944-45			Months		1945-46		
9,065	12,08,67	1	6	April	407	53,69	1	6
11,297	15,06,17	1	6	May	142	18,00	1	6
9,751	13,00,07	1	6	June	—205	—28,15	1	6
8,995	11,99,33	1	6	July	3,009	4,00,76	1	6
7,415	9,88,67	1	6	August	14,370	19,15,58	1	6
11,420	15,22,67	1	6	September	13,499	17,99,66	1	6
10,589	14,11,90	1	6	October	7,740	10,31,77	1	6
6,827	9,10,27	1	6	November	5,370	7,15,95	1	6
5,750	7,66,66	1	6	December	6,910	9,21,33	1	6
2,825	3,77,06	1	6	January	5,775	7,69,95	1	6
3,946	5,26,14	1	6	February	6,140	8,18,30	1	6
—885	—1,18,18	1	6	March	16,110	21,47,99	1	6
86,995	**1,15,99,43**	**1**	**6**	**Total**	**79,267**	**1,05,64,83**	**1**	**6**

* Represent the balance of purchases of sterling under both ready and forward contracts over sales including amounts cancelled in respect of forward purchases exclusive of Government transactions. Figures of net purchases published in earlier Reports represent excess of deliveries under ready and/or forward contracts over sales including amounts relating to Government transactions.

† Nearest to 1/64*d*.

STATEMENT X

BUDGETARY POSITION OF PROVINCES, 1946-47

(Reference paragraph 40)

(In lakhs of rupees)

Provinces	Revenue						Expenditure								
	Customs and Income-tax	Land Revenue	Excise	Stamps	Total Tax Revenue	**Total Revenue**	Direct Demands on Revenue	Irrigation	Debt Services	Security Services	Social Services	**Total Expenditure**	Surplus(+) or deficit(—)	**Debt outstanding on 31st March**
MADRAS														
1938-39	23	5,13	3,72	1,73	12,44	**16,13**	2,07	1,28	—44	5,72	4,63	**16,10**	+ 3	**14,48**
1944-45	3,98	5,49	12,78	3,22	34,70	**41,24**	2,80	1,80	—13	7,80	7,17	**41,23**	+ 1	**17,49**
1945-46 (Revised).	3,41	5,33	16,53	3,43	38,60	**45,63**	3,29	1,72	43	9,86	9,51	**45,63**	..	**20,58**
1946-47 (Budget).	2,95	5,63	13,00	3,33	34,51	**41,44**	3,67	1,59	11	9,96	11,21	**40,82**	+ 62	**20,59**
BOMBAY														
1938-39	30	3,55	2,90	1,44	9,83	**12,45**	1,77	51	1,26	3,16	2,99	**12,80**	— 35	**35,55**
1944-45	5,31	4,06	7,56	2,73	28,53	**33,67**	3,70	56	3,37	5,59	5,24	**30,61**	+3,06	**32,77**
1945-46 (Revised).	4,54	3,72	7,89	2,57	26,32	**32,50**	3,52	78	3,50	7,83	6,80	**32,19**	+ 31	**32,32**
1946-47 (Budget).	3,93	3,66	6,83	2,49	24,10	**30,20**	3,07	83	3,48	7,98	7,28	**30,15**	+ 5	**31,83**
BENGAL														
1938-39	2,51	3,24	1,59	2,58	11,00	**12,76**	98	39	16	5,25	3,03	**12,77**	— 1	**4,34**
1944-45	6,60	4,49	7,54	3,37	28,91	**39,39**	1,58	2,00	81	7,68	7,37	**44,12**	—4,73	**38,78**
1945-46 (Revised).	6,40	3,96	8,00	3,60	30,87	**35,82**	1,91	2,17	78	9,29	8,96	**43,27**	—7,45	**43,25**
1946-47 (Budget).	5,65	3,82	6,21	3,30	26,88	**41,19**	2,05	3,58	78	9,30	11,67	**50,65**	—9,46	**51,47**
UNITED PROVINCES														
1938-39	23	5,82	1,33	1,28	9,70	**12,80**	1,54	1,33	61	4,09	3,57	**12,80**	..	**34,19**
1944-45	3,98	6,58	4,98	2,12	21,45	**27,47**	2,21	1,28	82	6,91	6,30	**27,46**	+ 1	**34,05**
1945-46 (Revised).	3,41	6,72	5,99	2,15	22,12	**28,53**	2,57	1,42	70	7,94	6,69	**28,45**	+ 8	**32,15**
1946-47 (Budget).	2,95	6,64	5,05	2,14	20,18	**27,07**	2,73	1,75	67	8,18	7,63	**27,03**	+ 4	**36,97**
PUNJAB														
1938-39	12	2,64	1,02	78	5,02	**11,17**	86	1,50	—21	3,31	3,22	**11,61**	— 44	**34,52**
1944-45	2,12	3,48	3,64	1,23	12,75	**23,01**	1,86	2,01	—68	5,83	4,89	**20,57**	+2,44	**28,28**
1945-46 (Revised).	2,30	3,48	2,99	1,25	12,53	**22,63**	2,18	2,09	—63	6,55	5,86	**21,73**	+ 90	**31,20**
1946-47 (Budget).	1,57	3,32	2,89	1,23	11,32	**21,30**	1,99	2,34	—71	6,73	6,01	**20,83**	+ 47	**35,77**
BIHAR														
1938-39	32	1,32	1,20	1,05	4,10	**5,24**	38	15	6	2,05	1,36	**4,93**	+ 31	**1,66**
1944-45	3,07	1,41	3,59	1,58	10,52	**12,75**	52	27	7	3,39	2,27	**9,96**	+2,79	**2,17**
1945-46 (Revised).	2,60	1,39	4,32	1,28	10,83	**13,27**	76	34	17	3,81	2,72	**12,02**	+1,25	**2,17**
1946-47 (Budget).	2,31	1,39	4,00	1,30	10,17	**13,89**	60	33	7	4,03	2,74	**13,39**	+ 50	**2,27**

CENTRAL PROVINCES AND BERAR														
1938-39	8	2,12	64	37	3,80	4,27	65	25	—1	1,63	97	4,71	— 44	6,45
1944-45	1,33	2,55	1,88	55	8,55	9,61	1,36	10	37	2,32	1,30	9,60	+ 1	6,65
1945-46 (Revised).	1,44	2,61	2,37	57	8,91	10,35	1,29	14	40	2,65	1,56	10,33	+ 2	7,00
1946-47 (Budget).	98	2,57	2,17	57	7,89	9,05	1,16	11	40	2,94	1,71	9,04	+ 1	7,06
ASSAM														
1938-39	15	1,13	35	18	2,03	2,58	36	1	34	81	71	2,99	—41	1,40
1944-45	1,23	1,65	83	20	5,22	6,22	1,17	4	32	1,24	1,24	6,14	+ 8	7,40
1945-46 (Revised).	1,15	1,81	73	21	4,91	5,83	3	4	26	1,31	1,46	5,40	+43	5,30
1946-47 (Budget).	84	1,80	69	20	4,10	5,15	50	6	23	1,24	1,40	5,05	+10	4,85
NORTH WEST FRONTIER PROVINCE														
1938-39	2	18	9	7	45	1,81	9	5	2	72	37	1,78	+ 3	78
1944-45	27	24	23	11	1,07	2,84	24	10	11	1,10	61	2,78	+ 6	94
1945-46 (Revised).	29	23	23	12	1,14	2,90	22	13	..	1,15	62	2,94	— 4	88
1946-47 (Budget).	20	23	25	12	99	2,63	21	9	..	1,17	61	2,79	—16	90
ORISSA														
1938-39	4	46	33	18	1,10	1,82	18	13	1	61	44	1,81	+ 1	31
1944-45	54	51	62	21	2,25	3,18	40	19	5	84	82	3,00	+18	1,08
1945-46 (Revised).	46	52	84	22	2,49	3,45	47	23	12	95	96	3,52	— 7	74
1946-47 (Budget).	40	51	81	23	2,16	3,58	31	22	20	1,10	1,25	3,92	—34	71
SIND														
1938-39	3	36	37	17	1,10	3,70	26	1,28	2	83	52	3,46	+24	29,52
1944-45	53	79	1,23	30	4,07	8,80	1,56	2,43	—74	1,52	1,01	8,80	..	4,74
1945-46 (Revised).	45	74	1,42	30	3,94	8,28	2,09	1,47	—80	1,89	1,28	8,26	+ 2	4,55
1946-47 (Budget).	39	76	1,26	29	3,33	8,03	2,26	1,32	—81	1,87	1,46	8,00	+ 3	4,48
Total all Provinces														
1938-39	4,03	25,95	13,54	9,83	60,57	84,74	9,14	6,88	1,82	28,17	21,77	85,76	—1,02	1,63,20
1944-45	28,96	31,25	44,88	15,62	158,02	208,18	17,40	10,76	4,37	44,22	38,22	204,28	+3,90	1,74,35
1945-46 (Revised).	26,45	30,51	51,31	15,70	162,66	209,19	18,33	10,53	4,93	53,23	46,42	213,75	—4,56	1,80,14
1946-47 (Budget).	22,17	30,33	43,16	15,20	145,63	203,54	18,55	12,23	4,42	54,50	52,97	211,66	—8,12	1,96,90

STATEMENT XI

Subventions and other Payments made by the Centre to the Provinces under the Government of India (Distribution of Revenues) Order as amended

(*Reference paragraph* 41)

(In lakhs of rupees

Paid to	INCOME TAX				JUTE DUTY				SUBVENTIONS			
	1938-39 Accounts	1944-45 Accounts	1945-46 Revised	1946-47 Budget	1938-39 Accounts	1944-45 Accounts	1945-46 Revised	1946-47 Budget	1938-39 Accounts	1944-45 Accounts	1945-46 Revised	1946-47 Budget
Madras	22·50	3,98·40	4,31·25	4,85·85	..	..	..	..	..	..	..	..
Bombay	30·00	5,31·20	5,75·00	6,47·80	..	..	..	..	..	..	..	..
Bengal	30·00	5,31·20	5,75·00	6,47·80	2,21·27	1,28·35	1,38·55	1,26·80	..	7,00.00	8,00.00	..
United Provinces	22·50	3,98·40	4,31·25	4,85·85	..	..	..	..	25·00	..	..	..
Punjab	12·00	2,12·48	2,30·00	2,59·12	..	..	..	..	..	..	..	..
Bihar	15·00	2,65·60	2,87·50	3,23·90	17·12	8·49	8·91	7·05	..	..	..	..
Central Provinces and Berar	7·50	1,32·80	1,43·75	1,61·95	..	..	..	..	..	..	..	..
Assam	3·00	53·12	57·50	64·78	11·69	11·45	11·52	10·14	30·00	30·00	30·00	30·00
N. W. F. P.	1·50	26·56	28·75	32·39	..	..	..	..	1,00·00	1,00·00	1,00·00	1,00·00
Orissa	3·00	53·12	57·50	64·78	0·92	0·92	1·02	1·01	43·00	40·00	40·00	40·00
Sind	3·00	53·12	57·50	64·78	..	..	..	..	1,05·00	..	..	..
Total ..	**1,50·00**	**26,56·00**	**28,75·00**	**32,39·00**	**2,51·00**	**1,49·21**	**1,60·00**	**1,45·00**	**3,03·00**	**8,70·00**	**9,70·00**	**1,70·00**

STATEMENT XII

Debt Position of Provinces since 1936-37

(Reference paragraph 42)

(In lakhs of rupees)

		At the end of									
		1936-37	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46
I	Public Debt										
	(*a*) Permanent Debt	8,72	12,64	15,07	19,60	23,33	23,04	31,07	39,63	50,87	59,52
	(*b*) Floating Debt	..	..	1,50	1,80	50	1,00	82	29,40	30,03	30,88
	(*c*) Loans from Central Government	1,43,80	1,24,67	1,23,24	1,21,77	1,20,54	1,18,49	1,11,11	98,66	63,67	58,71
II	Unfunded Debt	15,03	22,39	23,39	24,44	25,54	26,62	27,26	28,59	29,78	31,03
III	**Gross Total Debt (Total of I and II)**	**1,67,55**	**1,59,70**	**1,63,20**	**1,67,61**	**1,69,91**	**1,69,15**	**1,70,26**	**1,96,28**	**1,74,35**	**1,80,14**
IV	Net Debt (Deduct outstanding loans and advances made by Provincial Governments)	1,04,63	1,00,32	1,02,48	1,35,65	1,38,98	1,37,92	1,42,50	1,67,50	1,40,54	1,44,70
V	Provision for the reduction of Debt during the year	2,31	1,60	1,06	1,51	2,84	3,64	14,85	53,44	8,04	2,52
VI	Closing Cash Balance	10,10	10,07	7,34	9,59	10,64	19,11	30,44	31,73	59,86	72,67

STATEMENT XIII

Government Balances in India with the Reserve Bank of India and at Government Treasuries, 1945-46

(Reference paragraphs 43 & 47)

(In lakhs of rupees)

Reserve Bank of India						Government Treasuries			
Central Government		Provincial Governments		Last day of the month		Central Government		Provincial Governments	
1944-45	1945-46	1944-45	1945-46			1944-45	1945-46	1944-45	1945-46
67,66	2,77,01	22,20	18,18	April		— 29	17	1,59	1,63
56,27	2,66,61	13,97	18,73	May		— 29	— 11	1,20	1,87
70,90	2,83,46	16,54	22,97	June		9	11	1,20	1,71
1,08,37	3,49,55	17,71	18,83	July		— 3	44	1,38	1,85
1,34,42	3,51,42	16,41	18,14	August		33	32	1,59	1,88
1,84,80	3,87,19	13,72	24,87	September		50	44	1,19	1,84
1,92,96	4,14,62	11,72	15,68	October		6	42	1,47	2,02
2,28,82	4,68,13	12,78	12,38	November		17	32	1,46	1,28
2,50,83	4,86,63	14,19	12,62	December		— 22	41	1,49	1,63
2,70,54	4,87,32	22,66	17,50	January		45	31	2,09	1,79
2,49,91	5,26,48	18,42	20,83	February		7	9	1,94	1,40
2,68,79	5,27,20	29,90	31,61	March		— 20	4,88	3,20	2,28
1,73,69	**4,02,14**	**17,52**	**19,36**	**Average**		**5**	**65**	**1,65**	**1,77**

STATEMENT XIV

GOVERNMENT OF INDIA TREASURY BILLS (ANNUAL) SINCE 1918-19

(Reference paragraph 44)

(In thousands of rupees)

YEAR	Amount offered for tender	Amount tendered	Amount sold	Amount of intermediates sold	Total amount sold	*Average yield*	Amount outstanding at end of year*
1918–19	....	....	87,09,05	....	87,09,05		49,24,30
1919–20	....	....	102,48,00	....	102,48,00		52,98,00
1920–21	....	....	139,18,00	....	139,18,00		104,93,10
1921–22	....	....	139,26,00	....	139,26,00		111,85,70
1922–23	....	....	95,84,00	....	95,84,00		71,23,90
1923–24	....	....	50,68,00	....	50,68,00		51,77,20
1924–25	....	....	....	....	....		49,65,40
1925–26	....	....	....	....	....		49,65,15
1926–27	....	....	....	....	....		41,47,15
1927–28	33,75,00	53,62,30	25,86,90	4,50,45	30,37,35		39,52,55
1928–29	31,75,00	38,19,50	20,48,75	1,89,25	22,38,00		43,14,80
1929–30	65,00,00	93,85,25	44,73,00	20,00,75	64,73,75		65,25,45
1930–31	96,00,00	107,22,50	69,11,00	89,91,75	159,02,75		61,26,50
1931–32	104,00,00	107,60,75	75,00,00	126,25,50	201,25,50		97,19,85
1932–33	81,00,00	139,32,00	65,97,00	55,60,25	121,57,25		61,57,20
1933–34	80,00,00	120,95,00	76,14,25	35,98,75	112,13,00	*1.62*	59,23,70
1934–35	61,50,00	103,65,25	59,47,50	29,35,00	88,82,50	*1.58*	54,34,25
1935–36	58,00,00	113,51,50	57,76,75	12,73,75	70,50,50	*1.21*	32,13,00
1936–37	83,00,00	125,99,00	80,98,50	....	80,98,50	*0.78*	28,53,75
1937–38	72,00,00	117,86,00	71,99,25	....	71,99,25	*0.97*	38,00,50
1938–39	83,50,00	128,90,25	82,13,25	15,35,75	97,49,00	*1.63*	46,30,00
1939–40	71,50,00	116,96,50	70,50,00	49,93,00	120,43,00	*1.87*	54,70,50
1940–41	84,00,00	162,48,00	84,00,00	17,32,75	101,32,75	*0.89*	68,90,25
1941–42	81,00,50	140,27,00	81,00,50	37,59,50	118.60,00	*0.72*	136,97,75
1942–43	317,00,00	527,43,50	309,42,00	62,50,75	371,92,75	*0.87*	264,69,50
1943–44	384,00,00	628,59,00	359,71,25	36,47,50	396,18,75	*0.90*	110,61,25
1944–45	252,00,00	551,48,50	229,27,75	....	229,27,75	*0.49*	86,70,50
1945–46	160,00,00	204,77,75	117,90,75	....	117,90,75	*0.40*	83,33,00

* Including holdings in the Currency Reserve up to 1934-35 and in the Issue Department of the Bank thereafter.

STATEMENT XV

GOVERNMENT OF INDIA THREE MONTHS TREASURY BILLS, 1945-46

(Reference paragraph 44)

(In thousands of rupees)

1945-46 Week ended		Amount offered for tender	SALES TO PUBLIC			Amount outstanding	Total amount outstanding including amount outstanding on account of Issue Dept., Provinces and others	*Average rate of discount of accepted tenders*
			Amount tendered	Amount sold	Amount discharged			*Rs. a. p.*
April	6 ..	4,00,00	6,00,75	4,00,00	1,41,00	39,41,50	87,58,50	*0 5 7*
„	13 ..	4,00,00	9,05,25	4,00,00	1,24,00	42,17,50	87,16,50	*0 5 7*
„	20 ..	4,00,00	6,20,25	4,00,00	1,58,25	44,59,25	88,18,25	*0 5 9*
„	27 ..	4,00,00	5,14,50	4,00,00	4,71,00	43,88,25	85,85,25	*0 6 9*
May	4 ..	4,00,00	7,66,50	4,00,00	3,84,00	44,04,25	83,99,75	*0 6 11*
„	11 ..	4,00,00	5,75,00	4,00,00	1,96,75	46,07,50	84,64,50	*0 7 11*
„	18 ..	2,00,00	5,70,50	2,00,00	2,03,00	46,04,50	83,30,00	*0 7 5*
„	25 ..	2,00,00	5,41,75	2,00,00	2,03,00	46,01,50	81,08,00	*0 7 0*
June	1 ..	2,00,00	7,38,00	2,00,00	....	48,01,50	85,13,00	*0 6 0*
„	8 ..	2,00,00	8,86,25	2,00,00	3,11,75	46,17,75	79,01,75	*0 4 11*
„	15 ..	2,00,00	5,51,25	2,00,00	3,13,25	45,15,75	80,34,00	*0 4 0*
„	22 ..	2,00,00	4,11,25	2,00,00	4,05,00	43,58,25	78,97,00	*0 4 0*
„	29 ..	2,00,00	5,80,00	2,00,00	7,70,00	38,01,50	72,95,00	*0 3 11*
July	6 ..	2,00,00	2,86,00	86,00	3,99,25	34,88,25	71,14,25	*0 3 11*
„	13 ..	2,00,00	2,41,50	41,50	4,00,00	31,29,75	68,78,25	*0 4 0*
„	20 ..	2,00,00	70,00	58,00	4,00,00	27,87,75	65,57,75	*0 4 0*
„	27 ..	4,00,00	57,25	47,25	3,99,75	24,35,25	62,48,75	*0 5 1*
August	3 ..	4,00,00	2,92,75	1,14,25	75,25	24,74,25	63,18,25	*0 5 11*
„	10 ..	4,00,00	3,14,25	3,22,75	3,25,00	24,72,00	63,12,00	*0 6 2*
„	17 ..	4,00,00	3,20,00	1,69,00	4,78,00	21,63,00	58,27,50	*0 7 0*
„	24 ..	2,00,00	3,34,00	1,57,50	1,82,50	21,38,00	58,71,25	*0 7 0*
„	31 ..	2,00,00	4,85,00	2,49,00	1,39,50	22,47,50	59,93,75	*0 6 11*
September	7 ..	2,00,00	5,17,75	2,10,25	2,72,50	21,85,25	59,62,50	*0 6 0*
„	14 ..	2,00,00	2,83,25	69,00	1,27,50	21,26,75	56,68,00	*0 5 10*
„	21 ..	2,00,00	4,47,00	3,04,00	2,00,00	22,30,75	59,77,00	*0 5 11*
„	28 ..	2,00,00	4,79,25	1,99,50	2,02,25	22,28,00	59,09,25	*0 5 8*
October	5 ..	2,00,00	6,22,75	1,88,75	2,00,00	22,16,75	58,50,50	*0 5 7*
„	12 ..	2,00,00	6,01,50	2,50,00	1,19,50	23,47,25	60,03,50	*0 5 2*
„	19 ..	2,00,00	2,93,00	2,00,00	58,00	24,89,25	63,85,50	*0 5 0*
„	26 ..	2,00,00	1,84,75	1,67,00	8,00	26,48,25	66,17,00	*0 5 4*
November	2 ..	2,00,00	3,55,50	1,78,75	50,25	27,76,75	67,62,50	*0 5 11*
„	9 ..	2,00,00	3,44,00	2,09,00	1,46,75	28,39,00	68,19,75	*0 5 9*
„	16 ..	2,00,00	5,25,00	2,30,00	4,58,25	26,10,75	66,58,25	*0 5 9*
„	23 ..	2,00,00	4,84,50	1,68,00	30,00	27,48,75	68,77,55	*0 5 0*
„	30 ..	4,00,00	4,23,25	4,32,00	3,74,50	28,06,25	68,58,75	*0 5 3*
December	7 ..	4,00,00	3,54,25	3,43,00	2,07,00	29,42,25	69,40,25	*0 6 0*
„	14 ..	4,00,00	2,72,00	1,24,50	72,25	29,94,50	66,42,00	*0 6 7*
„	21 ..	4,00,00	1,40,50	1,61,25	3,01,00	28,54,75	66,89,25	*0 7 0*
„	28 ..	4,00,00	1,33,00	95,25	1,99,50	27,50,50	65,35,00	*0 7 0*
January	4 ..	4,00,00	1,46,75	1,28,50	81,00	27,98,00	65,09,25	*0 6 11*
„	11 ..	4,00,00	2,04,75	1,14,75	1,58,00	27,54,75	61,37,00	*0 7 0*
„	18 ..	4,00,00	50,25	1,67,75	2,00,00	27,22,50	61,72,75	*0 7 0*
„	25 ..	4,00,00	2,91,25	2,56,00	2,00,00	27,78,50	64,19,50	*0 7 0*
February	1 ..	4,00,00	3,33,50	3,19,25	1,84,75	29,13,00	64,15,00	*0 7 0*
„	8 ..	4,00,00	3,32,50	3,43,25	1,94,75	30,61,50	66,04,50	*0 7 0*
„	15 ..	4,00,00	2,83,50	3,14,75	4,02,25	29,74,00	65,46,00	*0 7 0*
„	22 ..	4,00,00	4,86,00	3,74,00	3,00	33,45,00	73,56,75	*0 7 10*
March	1 ..	4,00,00	3,66,25	3,92,25	6,00,00	31,37,25	71,74,50	*0 7 10*
„	8 ..	4,00,00	2,58,25	2,38,25	3,54,25	30,21,25	76,35,00	*0 8 0*
„	15 ..	4,00,00	1,59,25	1,49,25	2,12,00	29,58,50	79,75,25	*0 8 0*
„	22 ..	4,00,00	2,38,25	2,23,25	96,50	30,85,25	80,50,50	*0 8 0*
„	29 ..	4,00,00	2,04,00	1,94,00	1,33,00	31,46,25	82,93,00	*0 8 0*
30th to 31st		....	....	....	....	31,46,25	83,33,00	....
Total	..	**160,00,00**	**204,77,75**	**117,90,75**	**123,27,00**	**31,46,25**	**83,33,00**	*0 6 4*

There were no sales of intermediates during the year.

STATEMENT XVI

GOVERNMENT OF INDIA TREASURY BILLS (MONTHLY), 1945-46*

(Reference paragraphs 44 & 45)

(In thousands of rupees)

1944-45 PUBLIC						1945-46 PUBLIC				
Sales	*Average Yield*	Discharges	Outstandings	Total amount outstanding including amount outstanding on account of Issue Department, Provinces and others	Month	Sales	*Average Yield*	Discharges	Outstandings	Total amount outstanding including amount outstanding on account of Issue Department, Provinces and others
5,93,25	*0.79*	27,83,00	54,17,00	**90,43,00**	April	16,00,00	*0.37*	8,94,25	43,88,25	**85,65,25**
16,00,00	*0.54*	25,07,00	45,10,00	**81,69,00**	May	12,00,00	*0.46*	9,86,75	46,01,50	**83,13,00**
30,00,00	*0.45*	23,14,50	51,95,50	**84,44,50**	June	10,00,00	*0.29*	18,00,00	38,01,50	**72,95,00**
16,00,00	*0.49*	5,92,00	62,03,50	**93,21,00**	July	2,32,75	*0.26*	15,99,25	24,35,00	**62,51,50**
20,00,00	*0.49*	16,03,50	66,00,00	**97,04,25**	August	10,12,50	*0.41*	12,00,00	22,47,50	**59,93,75**
30,00,00	*0.49*	30,00,00	66,00,00	**97,57,50**	September	8,21,50	*0.36*	10,02,25	20,66,75	**57,08,00**
24,00,00	*0.50*	16,00,00	74,00,00	**103,93,50**	October	7,84,75	*0.33*	2,32,75	26,18,75	**66,04,50**
24,00,00	*0.51*	20,00,00	78,00,00	**106,42,50**	November	12,00,00	*0.34*	10,12,50	28,06,25	**68,58,75**
26,53,25	*0.51*	29,98,75	74,54,50	**104,81,25**	December	7,95,75	*0.41*	8,18,75	27,83,25	**66,00,75**
8,94,25	*0.56*	24,00,00	59,48,75	**92,68,25**	January	6,23,00	*0.44*	7,84,75	26,21,50	**61,83,50**
9,87,00	*0.51*	24,00,00	45,35,75	**84,21,75**	February	13,74,50	*0.45*	12,00,00	27,96,00	**67,73,00**
18,00,00	*0.32*	26,53,25	36,82,50	**86,70,50**	March	11,46,00	*0.50*	7,95,75	31,46,25	**83,33,00**
229,27,75	**0.49**	**268,52,00**	**36,82,50**	**86,70,50**	**Total**	**117,90,75**	**0.40**	**123,27,00**	**31,46,25**	**83,33,00**

* No Ways and Means Advances were taken during 1944-45 and 1945-46.

STATEMENT XVII

Provincial Government Three Months Treasury Bills, 1945-46

(Reference paragraph 48)

(In thousands of rupees)

Week ended		Issuing Government	Amount offered for tender	Amount tendered	Amount sold	*Average rate of discount per cent. per annum.*	Amount outstanding with the public.
1945-46						Rs. a. p.	
April	27	..Assam	3,00,00	3,85,00	3,00,00	*0 6 10*	5,00,00
June	29	..Assam	1,50,00	4,10,00	1,50,00	*0 4 0*	4,50,00
July	13	..Madras	1,00,00	2,08,00	50,00	*0 4 8*	50,00
July	20	..Bengal	3,00,00	4,35,00	3,00,00	*0 6 2*	3,00,00
July	27	..Assam	4,00,00	4,05,00	4,00,00	*0 6 7*	5,50,00
October	5	..Assam	1,50,00	2,75,00	1,50,00	*0 6 8*	5,50,00
October	12	..Bengal	2,50,00	5,40,00	2,50,00	*0 7 0*	5,50,00
October	26	..Madras	50,00	1,25,00	50,00	*0 6 0*	50,00
October	26	..Assam	3,50,00	6,30,00	3,50,00	*0 6 10*	5,00,00
November	9	..Bengal	3,50,00	6,10,00	3,50,00	*0 6 10*	6,00,00
December	28	..Assam	1,00,00	1,00,00	1,00,00	*0 8 6*	6,00,00
January	18	..Bengal	2,50,00	3,55,00	2,50,00	*0 8 1*	6,00,00
February	1	..Assam	3,00,00	4,85,00	3,00,00	*0 7 10*	4,00,00
February	8	..Bengal	5,00,00	8,35,00	5,00,00	*0 8 0*	7,50,00
March	29	..Assam	50,00	54,00	50,00	*0 9 0*	3,50,00
		Total ..	**1938-39**	**7,17,00**	**5,70,00**		**1,50,00**
		„ ..	**1939-40**	**13,75,75**	**11,80,00**		**1,35,25**
		„ ..	**1940-41**	**12,28,00**	**6,90,00**		**50,00**
		„ ..	**1941-42**	**18,14,25**	**8,15,00**		**1,00,00**
		„ ..	**1942-43**	**9,67,50**	**4,35,00**		**80,00**
		„ ..	**1943-44**	**65,63,50**	**45,65,00**		**17,30,00**
		„ ..	**1944-45**	**89,65,00**	**53,50,00**		**10,00,00**
		„ ..	**1945-46**	**58,52,00**	**35,50,00**		**11,00,00**

STATEMENT XVIII

PROVINCIAL GOVERNMENT TREASURY BILLS SINCE 1938-39

(Reference paragraph 48)

(In thousands of rupees)

Provinces and Particulars.	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	Total
MADRAS									
Amount offered for tender ..	1,90,00	4,25,00	3,75,00	1,00,00	1,50,00	1,00,00	1,00,00	1,50,00	**15,90,00**
Amount tendered	2,42,75	5,38,50	7,34,25	3,06,50	4,56,00	1,65,00	3,10,00	3,33,00	**30,86,00**
Amount sold	1,90,00	4,25,00	3,75,00	1,00,00	1,50,00	60,00	1,00,00	1,00,00	**15,00,00**
Amount outstanding ..	..	..	..	..	..	..	..	..	..
BOMBAY									
Amount offered for tender ..	..	..	..	..	..	50,00	..	..	**50,00**
Amount tendered	..	..	..	..	..	1,15,00	..	..	**1,15,00**
Amount sold	..	..	..	..	..	50,00	..	..	**50,00**
Amount outstanding ..	..	..	..	..	..	50,00	..	..	..
BENGAL									
Amount offered for tender ..	..	1,20,00	1,65,00	6,75,00	50,00	29,00,00	35,00,00	16,50,00	**90,60,00**
Amount tendered	..	1,53,25	1,82,50	13,52,50	1,34,50	37,66,50	55,48,00	27,75,00	**139,12,25**
Amount sold	..	1,20,00	1,65,00	6,75,00	50,00	29,00,00	35,00,00	16,50,00	**90,60,00**
Amount outstanding ..	..	30,00	..	1,00,00	..	12,50,00	5,00,00	7,50,00	**7,50,00**
UNITED PROVINCES									
Amount offered for tender ..	80,00	2,60,00	..	..	75,00	6,00,00	..	..	**10,15,00**
Amount tendered	85,00	2,76,75	..	..	97,00	11,58,00	..	..	**16,16,75**
Amount sold	80,00	2,60,00	..	..	75,00	6,00,00	..	..	**10,15,00**
Amount outstanding ..	..	40,00	..	..	..	1,00,00	..	..	..
THE PUNJAB									
Amount offered for tender ..	..	90,00	..	..	..	..	..	..	**90,00**
Amount tendered	..	1,01,25	..	..	..	..	..	..	**1,01,25**
Amount sold	..	90,00	..	..	..	..	..	..	**90,00**
Amount outstanding ..	..	..	..	..	..	..	..	..	..
C. P. AND BERAR									
Amount offered for tender ..	2,25,00	1,75,00	1,25,00	40,00	50,00	80,00	..	..	**6,95,00**
Amount tendered	3,06,75	1,95,25	2,44,00	1,55,25	1,31,00	1,39,00	..	..	**11,71,25**
Amount sold	2,25,00	1,75,00	1,25,00	40,00	50,00	80,00	..	..	**6,95,00**
Amount outstanding ..	1,10,00	40,00	50,00	..	..	80,00	..	..	..
ASSAM									
Amount offered for tender ..	75,00	1,10,00	25,00	..	1,10,00	8,75,00	16,50,00	18,00,00	**46,45,00**
Amount tendered	82,50	1,10,75	67,25	..	1,49,00	12,20,00	27,61,00	27,44,00	**71,34,50**
Amount sold	75,00	1,10,00	25,00	..	1,10,00	8,75,00	16,50,00	18,00,00	**46,45,00**
Amount outstanding ..	40,00	25,25	..	..	80,00	2,50,00	4,50,00	3,50,00	**3,50,00**
ORISSA									
Amount offered for tender ..	..	..	..	..	..	..	1,00,00	..	**1,00,00**
Amount tendered	..	..	..	..	..	..	3,46,00	..	**3,46,00**
Amount sold	..	..	..	..	..	..	1,00,00	..	**1,00,00**
Amount outstanding ..	..	..	..	..	..	..	50,00	..	..
TOTAL									
Amount offered for tender ..	**5,70,00**	**11,80,00**	**6,90,00**	**8,15,00**	**4,35,00**	**46,05,00**	**53,50,00**	**36,00,00**	**172,45,00**
Amount tendered	**7,17,00**	**13,75,75**	**12,28,00**	**18,14,25**	**9,67,50**	**65,63,50**	**89,65,00**	**58,52,00**	**274,83,00**
Amount sold	**5,70,00**	**11,80,00**	**6,90,00**	**8,15,00**	**4,35,00**	**45,65,00**	**53,50,00**	**35,50,00**	**171,55,00**
Amount outstanding ..	**1,50,00**	**1,35,25**	**50,00**	**1,00,00**	**80,00**	**17,30,00**	**10,00,00**	**11,00,00**	**11,00,00**

STATEMENT XIX

PUBLIC DEBT OF INDIA SINCE 1913-14

(Reference paragraph 51)

(A) Rupee Debt

(In crores of rupees)

End of March	Undated	*Percentage of Total*	Over 10 years	*Percentage of Total*	Between 5 and 10 years	*Percentage of Total*	Under 5 years	*Percentage of Total*	Treasury Bills	*Percentage of Total*	Post Office Savings Bank Deposits and Cash Certificates	*Percentage of Total*	*Other obligations	*Percentage of Total*	**Total**	*Percentage increase(+) or decrease(—)*
1914 ..	144·52	*80·4*	1·00	*0·6*	—	—	—	—	—	—	23·17	*12·9*	11·08	*6·1*	**179·77**	—
1919 ..	143·20	*39·9*	26·42	*7·4*	29·44	*8·2*	59·43	*16·5*	49·24	*13·7*	27·03	*7·5*	24·02	*6·6*	**358·78**	*+99·5*
1924 ..	137·25	*28·4*	29·29	*6·1*	96·93	*20·1*	94·45	*19·6*	51·77	*10·7*	33·21	*6·9*	39·62	*8·2*	**482·52**	*+35·5*
1929 ..	137·41	*24·9*	121·03	*21·9*	50·25	*9·2*	81·54	*14·8*	43·15	*7·8*	56·79	*10·3*	61·04	*11·1*	**551·21**	*+14·2*
1934 ..	126·69	*18·3*	160·73	*23·2*	67·93	*9·8*	79·22	*11·4*	59·24	*8·5*	115·94	*16·7*	83·34	*12·1*	**693·09**	*+25·7*
1939 ..	128·46	*18·1*	113·80	*16·0*	124·71	*17·6*	70·89	*9·9*	46·30	*6·5*	141·46	*19·8*	84·34	*11·8*	**709·96**	*+ 2·4*
1940 ..	139·93	*19·2*	147·24	*20·2*	113·75	*15·6*	49·35	*6·8*	54·71	*7·5*	135·35	*18·6*	87·48	*12·1*	**727·79**	*+ 2·6*
1941 ..	148·52	*17·3*	182·98	*21·2*	150·31	*17·5*	95·07	*11·0*	68·90	*8·0*	108·80	*12·6*	106·59	*12·4*	**861·17**	*+18·3*
1942 ..	164·18	*17·4*	261·77	*27·8*	68·75	*7·3*	117·16	*12·5*	136·98	*14·6*	95·55	*10·2*	96·61	*10·3*	**941·00**	*+ 9.3*
1943 ..	245·50	*20·3*	238·68	*19·8*	91·75	*7·6*	172·80	*14·3*	264·70	*21·9*	92·77	*7·7*	99·98	*8·3*	**1,206·18**	*+28·2*
1944 ..	283.89	*21.2*	454.43	*33.8*	85.38	*6.4*	182.86	*13.6*	110.61	*8.2*	118.47	*8.8*	107.05	*8.0*	**1,342·69**	*+11.3*
1945(Preliminary)	284·03	*18·1*	395·97	*25·2*	282·42	*18·0*	249·50	*15·9*	86·71	*5·5*	157·52	*10·0*	115·71	*7·3*	**1,571·86**	*+17·1*
1946(„)	284·04	*14·7*	663·80	*34·4*	222·75	*11·6*	321·59	*16·7*	83·33	*4·3*	220.28	*11.4*	131·76	*6·9*	**1,927·55**	*+22·6*

* Includes (1) the unclaimed balance of old loans which have ceased to bear interest from the date of discharge, (2) balance of special loans (the bulk of this relates to endowments made by the late King of Oudh for payment of pensions and stipends or for specific purposes of a religious or charitable character, guaranteed by Government), (3) balances of State Provident Funds, Pension Funds, and other accounts such as General Family Pension Fund, the Hindu Family Annuity Fund, the Postal Insurance and Life Annuity Fund, etc., and (4) the amount of Three-Year Interest-Free Bonds and Five-Year Interest-Free Prize Bonds.

STATEMENT XIX—(*continued*)

PUBLIC DEBT OF INDIA SINCE 1913–14

(*Reference paragraph* 51)

(In crores of rupees)

(B) Sterling Debt *

End of March	Undated	*Percentage of Total*	Over 10 years	*Percentage of Total*	Between 5 and 10 years	*Percentage of Total*	Under 5 years	*Percentage of Total*	† Other obligations	*Percentage of Total*	Total	*Percentage increase (+) or decrease (—)*
1914	265·57	*99·9*	—	—	—	—	—	—	0·24	*0·1*	**265·81**	—
1919	257·80	*84·8*	45·96	*15·1*	—	—	—	—	0·32	*0·1*	**304·08**	+ *14·4*
1924	366·80	*92·2*	28·90	*7·3*	—	—	—	—	2·06	*0·5*	**397·76**	+ *30·8*
1929	296·61	*62·7*	169·93	*36·0*	4·66	*1·0*	—	—	1·58	*0·3*	**472·78**	+ *18·9*
1934	269·19	*52·6*	198·50	*38·8*	—	—	43·08	*8·4*	1·38	*0·2*	**512·15**	+ *8·3*
1939	268·05	*57·1*	135·11	*28·8*	29·30	*6·3*	32·46	*6·9*	4·18	*0·9*	**469·10**	— *8·4*
1940	255·63	*57·8*	115·44	*26·1*	39·09	*8·8*	28·15	*6·4*	4·18	*0·9*	**442·49**	— *5·7*
1941	246·81	*71·6*	40·81	*11·8*	32·87	*9·5*	20·62	*5·9*	3·82	*1·1*	**344·93**	— *22·1*
1942	134·00	*63·6*	34·66	*16·4*	17·32	*8·2*	20·95	*9·9*	3·77	*1·8*	**210·70**	— *38·9*
1943‡	20·32	*36·5*	4·06	*7·3*	6·88	*12·4*	20·62	*37·1*	3·71	*6·7*	**55·59**	— *73·6*
1944‡	3·35	*8·6*	3·97	*10·1*	5·82	*14·9*	21·56	*55·1*	4·44	*11·3*	**39·14**	— *29·4*
1945‡ (Preliminary) ..	2·96	*7·8*	2·98	*7·9*	5·81	*15·4*	22·45	*59·4*	3·60	*9·5*	**37·80**	— *3·4*
1946‡ („) ..	2·87	*7·6*	2·96	*7·9*	0·97	*2·6*	27·11	*72·4*	3·55	*9·5*	**37·46**	— *0·9*

* Converted at 1sh. 4d. per rupee up to 1923-24 and thereafter at 1sh. 6d. † Including (1) the unclaimed balances of old loans which have ceased to bear interest from the date of discharge and (2) the balances relating to Service Funds. ‡ Excluding Railway Annuities.

STATEMENT XX

(A) Post Office Cash Certificates *

(Reference paragraph 53)

(In lakhs of rupees)

	Receipts	Repayments	Net receipts	Amount outstanding
1917–18	10,00	1,12	8,88	8,88
1918–19 }	4,03	7,16	— 3,13	5,75
1919–20 }				
1920–21 }	1,00	2,41	— 1,41	4,34
1921–22 }				
1922–23 }	7,61	3,53	4,08	8,42
1923–24 }				
1924–25 }	15,65	3,10	12,55	20,97
1925–26 }				
1926–27 }	13,61	3,88	9,73	30,70
1927–28 }				
1928–29	4,91	3,31	1,60	32,30
1929–30	7,15	4,45	2,70	35,00
1930–31	11,78	8,35	3,43	38,43
1931–32	14,49	8,34	6,15	44,58
1932–33	15,74	4,68	11,06	55,64
1933–34	13,31	5,24	8,07	63,71
1934–35	9,95	7,70	2,25	65,96
1935–36	13,45	13,43	2	65,98
1936–37	14,88	16,46	— 1,58	64,40
1937–38	13,97	18,16	— 4,19	60,21
1938–39	14,71	15,35	— 64	59,57
1939–40	10,25	12,80	— 2,55	57,02
1940–41	4,89	14,93	—10,04	46,98
1941–42	3,97	11,94	— 7,97	39,01
1942–43	3,76	8,20	— 4,44	34,57
1943–44	5,50	5,43	7	34,64
1944–45	5,48	4,31	1,17	35,82
1945–46 (Preliminary)	6,66	3,71	2,95	38,77

* Figures for Burma are included up to 1936-37.

(B) Post Office Defence Savings Certificates †

	Receipts	Repayments	Net receipts	Amount outstanding
1940–41	2,41	12	2,29	2,29
1941–42	2,81	75	2,06	4,35
1942–43	2,02	81	1,21	5,56
1943–44	2,43	1,02	1,41	6,97
1944–45	..	55	— 55	6,42
1945–46 (Preliminary) ..	..	50	— 50	5,93

† Replaced by the Twelve-year National Savings Certificates from the 1st October 1943.

(C) Post Office National Savings Certificates

	Receipts	Repayments	Net receipts	Amount outstanding
1943–44	8,66	1	8,65	8,65
1944–45	19,55	1	19,54	28,19
1945–46 (Preliminary)	23,12	10	23,02	51,19

STATEMENT XXI

(A) Post Office Savings Bank *

(Reference paragraph 53)

(In lakhs of rupees)

	Deposits	Interest	Withdrawals	Net increase in Deposits	Amount outstanding
1913–14	10,99	61	9,04	2,56	23,16
1914–15	9,07	53	17,88	— 8,28	14,89
1915–16	7,73	43	7,73	43	15,32
1916–17	8,93	45	8,10	1,28	16,59
1917–18	9,72	44	10,17	— 1	16,58
1918–19	12,99	46	11,21	2,24	18,82
1919–20	17,18	56	15,22	2,52	21,34
1920–21	18,22	62	17,33	1,51	22,86
1921–22	17,11	61	18,32	— 60	22,26
1922–23	17,07	62	16,75	94	23,19
1923–24	17,71	67	16,79	1,59	24,78
1924–25	17,44	71	17,64	51	25,63
1925–26	19,05	73	18,19	1,59	27,23
1926–27	20,38	79	18,89	2,28	29,50
1927–28	23,14	86	20,84	3,16	32,66
1928–29	26,24	97	25,39	1,82	34,49
1929–30	26,25	1,02	24,63	2,64	37,13
1930–31	24,36	1,04	25,50	— 10	37,02
1931–32	27,39	1,08	27,29	1,18	38,20
1932–33	30,96	1,15	26,86	5,25	43,45
1933–34	36,87	1,28	29,37	8,78	52,23
1934–35	38,67	1,34	37,26	2,75	58,30
1935–36	46,33	1,50	38,88	8,95	67,25
1936–37	43,38	1,45	37,40	7,43	74,68
1937–38	43,27	1,46	39,76	4,97	77,56
1938–39	44,61	1,42	41,65	4,38	81,94
1939–40	40,51	1,15	45,22	— 3,56	78,38
1940–41	25,35	93	45,09	—18,81	59,57
1941-42	21,91	83	30,18	— 7,44	52,13
1942–43	22,26	73	22,84	15	52,28
1943–44	35,22	93	24,19	11,96	64,24
1944–45	43,76	1,22	28,94	16,04	80,28
1945–46 (Preliminary) ..	74,42	(a)	40,77	33,65	1,13,93

* Figures for Burma are included up to 1936-37. (a) Not available.

(B) Post Office Defence Savings Bank

	Deposits	Withdrawals	Net increase in Deposits	Amount outstanding
1941–42	11	..	11	11
1942–43	29	..	29	40
1943–44	3,59	1	3,58	3,98
1944–45	4,37	2	4,35	8,53†
1945–46 (Preliminary) ..	1,71	1	1,70	10,22

† The change in the outstanding is due to adjustments made in the accounts for March 1945.

STATEMENT XXII

PRINCIPAL ITEMS OF SMALL SAVINGS (MONTHLY), 1945–46

(Reference paragraph 53)

(In lakhs of rupees)

	Post Office Cash Certificates		Defence Savings Certificates		National Savings Certificates †		Post Office Savings Bank Deposits		Defence Savings Bank Deposits		Total Receipts	Total Month-end outstandings
	Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding	Receipts	Month-end outstanding		
1944-45												
April ..	33	34,56	....	6,91	84	9,49	3,16	65,09	57	4,59	**4,90**	**1,20,64**
May ..	39	34,55	....	6,86	54	10,03	3,38	67,10	78	5,37	**5,09**	**1,22,91**
June ..	42	34,62	....	6,80	61	10,64	3,40	67,26	70	6,07	**5,13**	**1,25,39**
July ..	48	34,73	....	6,76	77	11,41	3,58	68,78	33	6,40	**5,16**	**1,28,08**
August ..	54	34,87	....	6,71	1,17	12,58	3,61	70,18	12	6,52	**5,44**	**1,30,86**
September ..	49	35,04	....	6,67	1,38	13,96	3,58	71,50	7	6,59	**5,52**	**1,33,76**
October ..	49	35,20	....	6,63	1,26	15,22	3,62	72,79	8	6,67	**5,45**	**1,36,51**
November ..	49	35,37	....	6,58	1,31	16,53	3,63	73,92	13	6,80	**5,56**	**1,39,20**
December ..	46	35,49	....	6,54	1,58	18,11	3,53	74,93	37	7,17	**5,94**	**1,42,24**
January ..	49	35,62	....	6,50	4,12	22,23	3,80	75,97	48	7,65	**8,89**	**1,47,97**
February ..	41	35,69	....	6,47	2,21	24,44	3,66	77,13	36	8,01	**6,64**	**1,51,74**
March ..	49	35,82	....	6,42	3,61	28,04	4,81	80,28	38	8,53	**9,29**	**1,59,09**
Total ..	**548**	**35,82**	....	**6,42**	**19,40**	**28,04**	**43,76**	**80,28**	**4,37**	**8,53**	**73,01**	**1,59,09**
1945-46												
April ..	48	35,97	....	6,38	1,57	29,61	5,02	82,53	26	8,79	**7,33**	**1,63,28**
May ..	49	36,15	....	6,35	1,53	31,13	5,10	84,76	23	9,02	**7,35**	**1,67,41**
June ..	50	36,39	....	6,32	1,39	32,51	5,52	87,43	17	9,19	**7,58**	**1,71,84**
July ..	54	36,67	....	6,29	1,65	34,16	5,87	90,50	16	9,35	**8,22**	**1,76,97**
August ..	54	36,97	....	6,25	1,78	35,93	5,91	93,58	13	9,48	**8,36**	**1,82,21**
September ..	57	37,30	....	6,21	1,89	37,96	6,00	96,69	10	9,58	**8,56**	**1,87,74**
October ..	61	37,59	....	6,16	2,01	39,96	6,77	1,00,05	7	9,65	**9,46**	**1,93,41**
November ..	53	37,79	....	6,12	2,00	41,95	6,16	1,02,56	11	9,76	**8,80**	**1,98,18**
December ..	51	37,95	....	6,08	1,80	43,74	6,24	1,05,10	11	9,87	**8,66**	**2,02,74**
January ..	89	38,45	....	6,03	2,68	46,40	8,34	1,09,19	15	10,02	**12,06**	**2,10,09**
February ..	56	38,69	....	5,99	2,30	48,68	6,69	1,11,84	9	10,11	**9,64**	**2,15,31**
March ..	44	38,77	....	5,93	2,52	51,19	6,81	1,13,93	12	10,22	**9,89**	**2,20,04**
Total ..	**6,66**	**38,77**	....	**5,93**	**23,12**	**51,19**	**74,42**	**1,13,93**	**1,71**	**10,22**	**1,05,91**	**2,20,04**

† The figures for 1944-45 exclude Rs. 15 lakhs of Hyderabad State National Savings Certificates first issued in June 1944, while those for 1945-46 include Certificates of the value of Rs. 19 lakhs issued by the State during the year.

STATEMENT XXIII

Representative Rupee Securities of the Government of India

Prices in Bombay, 1945-46

(Reference paragraph 56)

(In rupees)

1945-46.	3½ per cent. Loan 1947-50				3 per cent. Loan 1951-54				3 per cent. First Victory Loan 1957				4 per cent. Loan 1960-70			
	Highest	Lowest	Average	*Average Yield*	Highest	Lowest	Average	*Average Yield*	Highest	Lowest	Average	*Average Yield*	Highest	Lowest	Average	*Average Yield*
April	103 11/16 (21-30)	103 5/8 (2-20)	103 5/8	*2·05*	100 15/16 (17-26)	100 7/8 (2-16, 27-30)	100 7/8	*2·85*	100 (17-23)	99 15/16 (2-16, 24-30)	99 15/16	*3·01*	112 3/4 (2-30)	112 3/4 (2-30)	112 3/4	*2·97*
May	103 3/4 (11-17)	103 11/16 (1-8, 18-31)	103 11/16	*1·98*	100 15/16 (29-31)	100 15/16 (1-16)	100 7/8	*2·85*	100 1/8 (29-31)	99 7/8 (5-8)	100	*3·00*	112 3/4 (1-31)	112 3/4 (1-31)	112 3/4	*2·96*
June	103 3/4 (2-14)	103 5/8 (28-30)	103 11/16	*1·93*	101 3/16 (21-30)	100 15/16 (1-5)	101 1/16	*2·82*	100 3/8 (12-30)	100 1/8 (1-2)	100 5/16	*2·97*	113 (11-30)	112 3/4 (1-4)	112 15/16	*2·94*
July	103 5/8 (3-6, 11-28)	103 1/4 (30-31)	103 5/8	*2·01*	101 9/16 (9-23)	101 1/4 (31)	101 1/2	*2·74*	100 9/16 (9-21)	100 3/8 (3-5)	100 1/2	*2·95*	113 1/4 (16-31)	113 (3-6)	113 3/16	*2·92*
August	103 1/4 (1-30)	103 1/4 (1-30)	103 1/4	*2·01*	101 7/16 (20-21, 24-30)	101 1/4 (1-2)	101 3/8	*2·75*	100 5/8 (27-30)	100 7/16 (1-2)	100 9/16	*2·94*	113 1/4 (1-22, 29-30)	113 1/8 (24-28)	113 1/4	*2·91*
September	103 1/4 (1-29)	103 1/4 (1-29)	103 1/4	*1·96*	101 5/8 (5)	101 5/16 (17)	101 7/16	*2·74*	100 7/16 (13-17)	100 3/8 (1-12, 18-29)	100 3/8	*2·96*	113 7/16 (5-13)	113 1/4 (1, 15-29)	113 5/16	*2·90*
October	103 1/2 (22-31)	103 1/4 (1-18)	103 3/8	*1·83*	101 3/4 (30-31)	101 3/8 (1-8)	101 9/16	*2·71*	100 11/16 (22-31)	100 3/8 (1-3)	100 9/16	*2·94*	113 1/4 (1-5, 20-31)	113 3/16 (6-19)	113 1/4	*2·90*
November	103 5/8 (3-14)	103 7/16 (30)	103 9/16	*1·68*	101 13/16 (17-22)	101 11/16 (30)	101 3/4	*2·67*	100 11/16 (1-10, 21-30)	100 5/8 (12-20)	100 11/16	*2·93*	113 1/4 (1-30)	113 1/4 (1-30)	113 1/4	*2·89*
December	103 7/16 (1-31)	103 7/16 (1-31)	103 7/16	*1·67*	101 11/16 (1-31)	101 11/16 (1-31)	101 11/16	*2·68*	100 5/8 (1-22)	100 9/16 (27-31)	100 5/8	*2·94*	113 1/4 (1-14)	113 3/16 (15-31)	113 1/4	*2·89*
January	103 7/16 (2-31)	103 7/16 (2-31)	103 7/16	*1·59*	101 15/16 (28-31)	101 11/16 (2-7)	101 7/8	*2·64*	101 1/4 (11-14)	100 9/16 (2)	101 1/16	*2·89*	113 7/8 (30-31)	113 3/16 (2)	113 5/8	*2·86*
February	103 7/16 (1-28)	103 7/16 (1-28)	103 7/16	*1·50*	102 1/8 (26-28)	101 15/16 (1-9)	102	*2·62*	101 3/4 (26-28)	101 9/16 (1-2)	101 9/16	*2·84*	114 3/8 (28)	113 7/8 (1-9)	114 1/16	*2·82*
March	103 7/16 (1-16)	103 3/8 (19-30)	103 7/16	*1·41*	102 1/4 (1-14)	102 (19-22, 26-28)	102 1/8	*2·58*	102 1/4 (30)	101 11/16 (1)	101 15/16	*2·80*	114 9/16 (8-14)	114 3/8 (1-4, 16-28)	114 7/16	*2·78*

	3 per cent. Loan 1963-65				3 per cent. Funding Loan 1966-68				3½ per cent. Loan (non-terminable)			
	Highest	Lowest	Average	*Average Yield*	Highest	Lowest	Average	*Average Yield*	Highest	Lowest	Average	*Average Yield*
1945-46												
April	98 15/16 (2-5, 18-24)	98 3/4 (7)	98 7/8	*3·08*	98 1/4 (2-5, 17-24)	98 1/8 (6-7)	98 3/16	*3·10*	100 1/8 (18-20, 28)	99 9/16 (2-3)	99 15/16	*3·50*
May	99 1/16 (29-31)	98 7/8 (1-8)	98 15/16	*3·07*	98 1/4 (23-31)	98 3/16 (1-22)	98 3/16	*3·11*	100 3/8 (29-31)	99 15/16 (5)	100 1/8	*3·50*
June	99 3/16 (16-18)	98 15/16 (1-4)	99 1/16	*3·06*	98 9/16 (15-18)	98 1/4 (1)	98 7/16	*3·09*	101 11/16 (29)	100 7/16 (1-2)	101 1/4	*3·46*
July	99 1/4 (20-28)	99 1/8 (3-7)	99 3/16	*3·05*	98 1/2 (5-19)	98 3/8 (26-31)	98 7/16	*3·10*	102 13/16 (13,16)	101 5/8 (3)	102 3/8	*3·42*
August	99 1/8 (1-10,14-20, 27-30)	99 1/16 (11-13, 21-25)	99 1/8	*3·06*	98 1/2 (29-30)	98 1/4 (11, 21-25)	98 3/8	*3·10*	102 5/16 (4-8)	100 3/8 (22)	101 5/8	*3·44*
September	99 3/8 (21-29)	99 1/8 (1)	99 1/4	*3·05*	98 11/16 (20-29)	98 1/2 (1)	98 5/8	*3·08*	102 3/16 (24-27)	101 5/8 (6-8)	101 7/8	*3·44*
October	99 1/2 (31)	99 3/8 (1-29)	99 3/8	*3·04*	98 5/8 (25-31)	98 3/8 (3-12)	98 1/2	*3·09*	103 (23-24)	102 3/16 (1-3)	102 9/16	*3·41*
November	99 3/4 (22-30)	99 1/2 (1-21)	99 9/16	*3·03*	98 3/4 (4-7)	98 5/8 (1)	98 11/16	*3·08*	103 7/8 (22)	102 15/16 (1)	103 3/8	*3·39*
December	99 9/16 (1)	99 5/16 (27-29)	99 7/16	*3·04*	98 5/8 (1-14)	98 3/8 (27-29)	98 9/16	*3·09*	103 5/8 (10)	103 3/8 (27-29)	103 1/2	*3·38*
January	99 15/16 (11-14)	99 3/8 (2)	99 11/16	*3·03*	99 1/16 (30-31)	98 7/16 (2)	98 13/16	*3·07*	104 (8-10)	103 (15)	103 9/16	*3·38*
February	100 9/16 (28)	99 3/4 (1-11)	100	*3·00*	100 3/8 (28)	99 (5)	99 1/2	*3·03*	103 3/8 (12-16)	102 13/16 (23)	103 3/16	*3·39*
March	101 15/16 (29-30)	100 11/16 (1)	101 1/8	*2·92*	101 15/16 (29-30)	100 7/16 (1-4)	101 1/16	*2·93*	103 7/16 (1)	102 (22-27)	102 3/4	*3·41*

Figures within brackets refer to dates of quotations.

STATEMENT XXIV

PRICES (ANNUAL) OF REPRESENTATIVE RUPEE SECURITIES OF THE GOVERNMENT OF INDIA SINCE 1933-34

(*Reference paragraph* 56)

(In rupees)

	3½ per cent. Loan 1947-50		3 per cent. Loan 1951-54		3 per cent. First Victory Loan 1957		4 per cent. Loan 1960-70		3 per cent. Loan 1963-65		3 per cent. Funding Loan 1966-68		3½ per cent Loan (non-terminable)	
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1933-34 ..	97¾	90	..	..	..	..	103⅛	90¾	..	..	..	..	88¾	79 3/16
1934-35 ..	102 15/16	97 7/16	..	..	..	..	111 7/16	101¾	..	..	..	..	98¾	87⅛
1935-36 ..	107⅜	100 9/16	103½	96¾	..	..	113⅝	103	..	..	..	..	99⅝	87 3/16
1936-37 ..	108⅛	103⅞	105	100½	..	..	116 1/16	109¾	..	..	..	..	100 15/16	91¼
1937-38 ..	107¼	105	102⅞	100⅞	..	..	114 7/16	110⅛	..	..	..	..	99⅛	92 9/16
1938-39 ..	106 7/16	103	103¼	100	..	..	114⅞	107½	98⅜	96	..	..	99½	90⅜
1939-40 ..	104⅝	92¾	101 1/16	86	..	..	111 3/16	94	97 13/16	82	..	..	97 15/16	80⅞
1940-41 ..	104⅛	98¾	99 9/16	92¾	..	..	109	99	95	85⅛	..	..	96 1/16	84⅜
1941-42 ..	103¼	96¾	100	93½	..	..	111⅛	99	95 1/16	85½	..	..	96 1/16	84
1942-43 ..	104	97 9/16	99⅞	94	..	..	110 7/16	103 1/16	95½	88½	..	..	94	88 1/16
1943-44 ..	103 15/16	103	100 5/16	99⅞	..	..	112¾	110 7/16	98 13/16	95½	..	..	99⅜	94
1944-45 ..	104¼	101 15/16	101 5/16	98¾	..	..	113 1/16	110¼	99⅜	96½	98⅜	96⅛	100 1/16	96⅛
1945-46 ..	103¾	103¼	102¼	100 13/16	102¼	99⅞	114 9/16	112¾	101 15/16	98¾	101 15/16	98⅛	104	99 9/16

STATEMENT XXV

INDEX NUMBERS OF PRICES (MONTHLY) OF INDIAN SECURITIES (1927-28=100)

(Prepared in the office of the Economic Adviser to the Government of India)

(Reference paragraph 58)

Year and Month	Government Securities	Fixed Yield Industrial Securities	Variable Yield Industrial Securities: Cotton (22 shares)	Jute (20 shares)	Coal (13 shares)	Iron and Steel (3 shares)	Tea (19 shares)	Sugar (3 shares)	Cement (1 share)	Paper (2 shares)	Banking (8 shares)	General Index
1939-40 .. (Sept.-March)	**111·2**	**134·5**	**85·1**	**64·3**	**164·5**	**539·3**	**69·0**	**97·2**	**162·8**	**346·7**	**116·6**	**120·5**
1940-41 ..	**114·6**	**147·5**	**85·5**	**54·6**	**149·0**	**507·1**	**67·5**	**86·2**	**159·4**	**299·4**	**123.8**	**117·4**
1941-42 ..	**115·9**	**155·9**	**111·0**	**57·2**	**152·5**	**504·3**	**77·7**	**107·2**	**193·9**	**323·9**	**133·3**	**129·0**
1942-43 ..	**115·0**	**144·9**	**146·6**	**53·9**	**161·3**	**441·5**	**86·9**	**141·7**	**235·9**	**359·9**	**144·9**	**138·6**
1943-44 ..	**117·2**	**164·3**	**198·8**	**65·6**	**227·2**	**555·9**	**118·0**	**211·4**	**278·4**	**488·0**	**190·9**	**182.2**
1944-45 ..	**118·0**	**176·2**	**185·2**	**79·3**	**298·1**	**557·5**	**120·3**	**220·0**	**294·0**	**510·1**	**194·1**	**197·3**
1945-46 ..	**118·6**	**187·0**	**199·0**	**100·9**	**356·4**	**651·1**	**131·8**	**215·3**	**287·6**	**599·2**	**217·6**	**220·8**
August 1939	117·6	137·7	59·4	117·7	131·7	369·5	57·8	74·7	149·6	174·0	119·2	98·5
1944-45												
April ..	117·5	171·4	202·8	71·8	263·0	565·0	115·9	219·1	283·9	515·6	192·6	**190·7**
May ..	117·9	172·3	196·2	75·5	284·0	601·4	121·3	226·0	297·4	505·4	195·8	**197·2**
June ..	118·1	173·0	190·3	81·6	299·1	601·8	121·3	223·3	286·7	506·0	186·2	**198·9**
July ..	118·2	173·2	191·5	81·0	306·9	606·5	121·8	248·4	289·8	525·3	196·2	**203·6**
August ..	118·2	174·3	176·0	78·4	293·5	574·1	117·1	233·5	292·7	507·7	193·6	**194·3**
September ..	118·0	174·4	168·6	79·3	285·8	563·8	112·5	218·4	274·8	489·5	183·9	**187·7**
October ..	118·2	177·6	175·9	79·7	288·5	557·9	115·5	218·0	301·1	494·7	191·0	**191·2**
November ..	118·2	178·2	184·4	78·5	286·9	584·3	120·6	210·0	310·5	499·7	199·6	**196·1**
December ..	118·1	178·2	188·1	81·3	315·6	599·2	123·9	212·0	311·5	506·9	199·4	**202·8**
January ..	117·8	180·2	182·8	79·0	310·5	583·3	125·6	210·6	297·4	495·5	197·8	**200·8**
February ..	117·7	180·5	186·0	83·0	325·8	602·4	125·1	217·6	296·4	516·2	198·0	**204·6**
March ..	117·6	181·2	180·0	82·3	317·0	550·1	123·5	203·2	285·4	498·4	195·3	**199·9**
1945-46												
April ..	117·6	181·9	179·7	86·0	316·5	569·6	121·8	198·7	292·0	487·2	192·4	**199·8**
May ..	117·7	181·5	182·7	86·3	325·1	579·9	122·1	203·7	295·8	486·8	192·6	**202·2**
June ..	118·2	183·5	183·0	89·3	348·5	584·8	120·2	200·3	257·2	529·7	197·4	**207·3**
July ..	118·4	186·2	191·8	95·9	364·2	610·8	128·4	211·4	265·1	557·3	207·2	**217·0**
August ..	118·0	187·7	186·2	96·3	354·3	608·3	127·8	217·3	264·7	552·2	199·8	**212·6**
September ..	118·3	187·4	188·9	94·8	353·0	634·2	126·6	221·6	276·7	537·0	205·4	**213·3**
October ..	118·7*	187·3	189·2	99·6	354·0	627·6	127·2*	212·2	281·1	557·1	215·1	**214·9**
November ..	119·3*	187·7	200·5	107·2	363·8	678·2	130·9*	217·9	298·0	638·5	227·2	**225·3**
December ..	119·0*	189·0	208·1	111·7	373·7	699·8	139·1*	222·7	299·0	635·3	233·4	**232·4***
January ..	119·3*	189·8	218·6	111·5	373·8	706·1	147·7*	223·8	304·9	698·4	243·4	**238·6***
February ..	119·2*	190·8	218·2	112·1	365·1	724·8	145·4*	223·5	300·3	701·7	242.8	**236·7***
March ..	119·2*	191·3	241.4	120·4	385·2	789·0	144·9*	230·2	316·5	809·5	254.6	**249.7***

* Estimated.

STATEMENT XXVI

CONTROL OF CAPITAL ISSUES

(Reference paragraph 59)

(Rupees in crores)

Classification			Immediate Schemes				Long-range Schemes							
			Total		Consents		Refusals		Total		Consents		Refusals	
			No. of companies	Amount asked for	No. of companies	Amount wholly or partially allowed	No. of companies	Amount asked for	No. of companies	Amount asked for	No. of companies	Amount wholly or partially allowed	No. of companies	Amount asked for
I. INDUSTRIAL (59 Sub-Groups)	British India	Initial	900	54·71	746	36·11	154	15·33	146	54·91	145	54·02	1	0·25
		Further	762	40·96	708	32·97	54	3·25	54	16·92	53	16·54	1	0·04
	Outside British India	Initial	89	12·14	57	6·51	32	4·52	13	5·73	13	5·73	..	..
		Further	47	1·95	39	1·87	8	0·27	5	6·33	5	5·88	..	..
	Total Industrial..		**1,798**	**109·76**	**1,550**	**77·45**	**248**	**23·37**	**218**	**83·88**	**216**	**82·17**	**2**	**0·29**
II. AGRICULTURAL (5 Sub-Groups)	British India	Initial	190	12·02	152	7·37	38	3·64	1	0·15	1	0·15	..	..
		Further	89	3·24	78	2·33	11	0·69	..	..	..	..	..	..
	Outside British India	Initial	29	2·63	25	2·31	4	0·29	..	..	..	..	..	..
		Further	20	2·14	17	1·95	3	0·16	..	..	..	..	..	..
	Total Agricultural ..		**328**	**20·03**	**272**	**13·96**	**56**	**4·78**	**1**	**0·15**	**1**	**0·15**	..	..
III. FINANCIAL (7 Sub-Groups)	British India	Initial	318	56·44	159	18·05	159	34·65	5	1·45	5	1·45	..	..
		Further	507	55·49	310	24·44	197	15·85	1	0·10	1	0·10	..	..
	Outside British India	Initial	26	7·56	16	4·69	10	1·32	..	..	..	..	..	..
		Further	32	2·91	18	2·08	14	0·40	..	..	..	..	..	..
	Total Financial ..		**883**	**122·40**	**503**	**49·26**	**380**	**52·22**	**6**	**1·55**	**6**	**1·55**	..	..
IV. TRADE AND TRANSPORT (6 Sub-Groups)	British India	Initial	709	21·02	607	14·88	102	4·63	6	2·85	6	2·85	..	..
		Further	340	4·80	317	3·85	23	0·66	6	4·63	6	4·62	..	..
	Outside British India	Initial	10	0·32	8	0·30	2	0·02	1	1·00	1	1·00	..	..
		Further	7	0·10	5	0·04	2	0·05	..	..	..	..	..	..
	Total Trade and Transport ..		**1,066**	**26·24**	**937**	**19·07**	**129**	**5·36**	**13**	**8·48**	**13**	**8·47**	..	..
	British India	Initial	214	7·98	164	4·33	50	2·97	11	2·20	11	2·20	..	..
		Further	112	2·02	106	1·78	6	0·11	..	..	..	..	..	..

V. OTHER SERVICES														
(7 Sub-Groups)	Outside British India	Initial	6	0·31	2	0·11	4	0·20	..	..	..	..	..	..
		Further	4	0·27	3	0·05	1	0·17	..	..	..	..	..	..
	Total Other Services..		**336**	**10·58**	**275**	**6·27**	**61**	**3·45**	**11**	**2·20**	**11**	**2·20**	..	..
	British India	Initial	1,431	97·45	1,082	44·63	349	45·88	23	6·65	23	6·65	..	..
		Further	1,048	65·54	811	32·40	237	17·31	7	4·73	7	4·72	..	..
VI. TOTAL NON-INDUSTRIAL														
(25 Sub-Groups)	Outside British India	Initial	71	10·81	51	7·42	20	1·83	..	..	..	..	..	..
		Further	63	5·42	43	4·12	20	0·77	1	1·00	1	1·00	..	..
	Total Non-Industrial		**2,613**	**179·22**	**1,987**	**88·57**	**626**	**65·79**	**31**	**12·38**	**31**	**12·37**	..	..
	British India	Initial	2,331	152·15	1,828	80·74	503	61·21	169	61·56	168	60·67	1	0·25
		Further	1,810	106·51	1,519	65·37	291	20·56	61	21·65	60	21·26	1	0·04
VII. GRAND TOTAL (INDUSTRIAL & NON-INDUSTRIAL)														
(84 Sub-Groups)	Outside British India	Initial	160	22·95	108	13·93	52	6·35	14	6·73	14	6·73	..	..
		Further	110	7·37	82	5·99	28	1·05	5	6·33	5	5·88	..	..
	TOTAL .. .		**4,411**	**288·98**	**3,537**	**166·03**	**874**	**89·17**	**249**	**96·26**	**247·**	**94·53**	**2**	**0·29**

DETAILS OF SUB-GROUPS :

INDUSTRIAL.—Mining and Quarrying; Iron and Steel Making; Re-Rolling Mills; Non-Ferrous Metals; Engineering General; Electrical Industries; Cycle Manufacture; Automobile Manufacture; Ship-Building and Repairs; Chemicals (Heavy); Fine Chemicals; Drugs and Medicines; Paints and Dyes; Starch; Vegetable Fats; Oil Mills; Soap; Cement Works; Tile and Brick Works; Other Construction Materials; Construction Concerns; Glass; Surgical Instruments; Scientific Instruments; Pottery and Porcelain; Saw Mills and Timber Mills; Plywood Factories and Tea-Box Manufacture; Woodware; Matches; Cotton Ginning and Pressing Factories; Cotton Spinning and Weaving Mills; Cotton Printing and Finishing Factories; Jute Presses; Jute Spinning and Weaving; Woollen and Worsted Mills; Silk Factories; Waterproofing; Clothing Factories; Knitting Factories; Coir and Hemp Manufacture; Brushware; Paper and Strawboard; Rubber Manufacture; Tanneries; Footwear Manufacture; Other Leather goods; Public Utility Companies (Electricity, Water, etc.); Films Production; Plastics; Rice and Flour Mills; Sugar Manufacture; Food Preservation and Dehydration; Tobacco; Breweries; Distilleries; Milk Products; Salt Manufacture; Ice and Aerated Water; Other Industries.

AGRICULTURAL.—Plantations; Agricultural and Land Improvement; Afforestation and Tree Planting; Cattle and Horse-Breeding Concerns; Dairies.

FINANCIAL.—Banks; Indigenous Credit Agencies; Insurance Companies; Investment Trusts; Managing Agencies; House-Building Societies; Others.

TRADE AND TRANSPORT.—Trading Concerns; Railway Companies; Bus Services; Shipping Concerns; Country Craft and Inland Navigation; Aerial Navigation.

OTHER SERVICES.—Hotels and Clubs; Cinema Houses, Music Halls and Theatres; Advertising and Publicity Concerns; Laundries; Repair Works; Consulting Agencies, etc.; Other Services.

STATE

MONEY

(Reference

	Bank Rate*	Imperial Bank of India Hundi Rate†		Call Money Rate Calcutta		Call Money Rate Bombay		Bazar Bill Calcutta	
		Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1935–36 ..	3 (3½ up to November)	3½ Apr.-Nov.	3 Dec.-Mar.	1 Apr.-July	½ Feb.-Mar.	3½ April	¼ Sept.-Mar.	7 to 8 Apr.-June	5 to 6 Aug.-Nov & Jan.-Mar.
1936–37 ..	3	3	3	½ Apr.-June	¼ July-Mar.	1½ Jan.	¼ Sept.-Nov.	5 to 6	
1937–38 ..	3	3	3	¾ Apr.-July, Feb.-Mar.	½ Aug.-Jan.	1¼ April	¼ Aug.-Dec.	7 to 8 Nov.-Mar.	5 to 6 Apr.-Sept.
1938–39 ..	3	3	3	2½ Jan.-Feb.	¼ July	2¾ Jan.-Feb.	¼ July, Sept., & Nov.	7 to 8 Apr.-June	6 to 7 July-Mar.
1939–40 ..	3	3½ Nov.-Mar.	3 Apr.-Oct.	2 Apr.-May	¼ Aug.-Sept.	2¼ April	¼ Aug.-Sept.	6 to 7	
1940–41 ..	3	3½ Apr.-Jan.	3 Feb.-Mar.	¾ Apr. & June	½ May & July -Mar.	1¾ April	¼ Aug.-Mar.	6 to 7	
1941–42	3	3		½		½ Apr. & Jan.	¼ May-Dec., Feb.-Mar.	6 to 7	
1942–43 ..	3	3		½			¼	6 to 7	
1943–44 ..	3	3		½			¼	6 to 7	
1944–45 ..	3	3		½		¼ to ½ April	¼ May-Mar.	6 to 7	
1945–46	3	3		½		½ to 1 Dec.	¼ April-Jan. March	6 to 7	
1st of									1945-
April ..	3	3		½			¼	6 to 7	
May ..	3	3		½			¼	6 to 7	
June ..	3	3		½			¼	6 to 7	
July ..	3	3		½			¼	6 to 7	
August ..	3	3		½			¼	6 to 7	
September ..	3	3		½			¼	6 to 7	
October ..	3	3		½			¼	6 to 7	
November ..	3	3		½			¼	6 to 7	
December ..	3	3		½			¼	6 to 7	
January ..	3	3		½			¼	3 to 7	
February ..	3	3		½			¼ to ½	6 to 7	
March ..	3	3		½			¼ to 1	6 to 7	

* The standard rate at which the Reserve Bank of India is prepared to buy or rediscount bills of exchange Imperial Bank discounts first class three months commercial bills. ‡ Rates at which bills of small traders are reported

MENT XXVII

RATES IN INDIA SINCE 1935–36

paragraph 60)

Rate ‡ Bombay		Average Treasury Bill Rate per cent. per annum	Deposit Rates §					
			3 months		6 months		12 months	
Highest	Lowest		Highest	Lowest	Highest	Lowest	Highest	Lowest
6¾ Apr.-July	3 October	1·21	..	..	..	..	..	..
5½ Apr.-May, Jan.-Mar.	3⅜ July-Dec.	0·78	..	..	..	..	..	..
5½ (unchanged)	5½	0·97	..	..	..	..	..	..
5⅝ Apr. & Feb.	3 October	1·63	2½ January	¾ Aug.-Sept.	2¼ Dec.-Jan.	1¼ Aug.-Sept.	2 Dec.-Jan.	1½ Aug.-Sept.
6¾ Jan.-Mar.	5½ Apr.-Aug. Oct.-Nov.	1·86	2½ Sept.-Feb.	1 June	2½ Sept.	1 June-July	2 Sept. & Dec.-Mar.	1½ Nov.
6¾ Jan.-Mar.	5½ Apr.-Aug. Oct.-Nov.	0·89	2½ April	¾ Sept.-Mar.	2¼ April	1¼ Aug.-Mar.	2 April	1¾ May-Mar.
6¾ Jan.-Mar.	4½ Aug.-Oct.	0·82	1 to 1¼ Feb.-Mar.	½ Sept.	1½ to 1¾ Feb.-Mar.	1 Aug.-Sept.	1¾ to 2 March	1½ to 2 January
6¾ April	5 Aug.-Oct.	0·87	1 to 1¼ Apr.-May	½ to ¾ Sept.-Oct.	1½ to 1¾ Apr.-May	¾ to 1 Sept.-Oct., Dec.-Jan.	1¾ to 2 Apr.-May	1½ to 1¾ June-Mar.
6 April	4½ May-Oct.	0·90	¾ to 1 Apr.-June, Dec.-Jan.	½ to ¾ July-Nov., Feb.-Mar.	1¼ to 1½ Apr.-June	1 to 1¼ July.-Mar.	1½ to 1¾	
5½ Apr.-July, Nov.-Mar.	4½ Aug.-Oct.	0·49	½ to ¾ Apr.-May, Oct.-Mar.	¼ to ½ June.-Sept.	1¼ April	½ to ¾ May-Sept.	1½ to 1¾ Oct.-Dec.	1 to 1½ Feb. & Mar.
5½ (April-March)	5½	0·38	¾ to 1 Jan.-Mar.	½ June-Dec.	1 to 1¼ Jan.-Mar.	½ to ¾ June-Aug.	1½ to 1¾ Jan.-Mar.	1¼ to 1½ Apr.-Dec.
46								
	5½	0·37	½ to ¾		¾ to 1		1¼ to 1½	
	5½	0·46	½ to ¾		¾ to 1		1¼ to 1½	
	5½	0·29	½ to ¾		¾ to 1		1¼ to 1½	
	5½	0·26	½		½ to ¾		1¼ to 1½	
	4½	0·41	½		½ to ¾		1¼ to 1½	
	4½	0·36	½		¾ to 1		1¼ to 1½	
	4½	0·33	½		¾ to 1		1¼ to 1½	
	5½	0·34	½		¾ to 1		1¼ to 1½	
	5½	0·41	½		¾ to 1		1¼ to 1½	
	5½	0·44	¾ to 1		1 to 1¼		1½ to 1¾	
	5½	0·45	¾ to 1		1 to 1¼		1½ to 1¾	
	5½	0·49	¾ to 1		1 to 1¼		1½ to 1¾	

or other commercial paper eligible for purchase under the Reserve Bank of India Act. † The rate at which the to have been discounted by shroffs. ₀ These are unofficial quotations. § As quoted by the larger banks in Bombay.

STATEMENT XXVIII

SCHEDULED BANKS' CONSOLIDATED POSITION IN INDIA AND BURMA SINCE 1935-36*

(Reference paragraph 63)

(In lakhs of rupees)

Average of Friday Figures	No. of scheduled banks at the end of period	Demand Liabilities	% of (b) to (f)	Time Liabilities	Savings Deposits **	Total Demand and Time Liabilities	Cash	Balances with Reserve Bank	Excess of (h) over the statutory minimum	Total cash and balances with Reserve Bank	% of (j) to (f)	Advances	Bills Discounted	Total Advances and Bills Discounted	% of (n) to (f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1935-36 ..	50	121,90	*55·3*	98,66	†	220,56	5,95	31,86	23,79	37,81	*17·14*	87,70	3,56	91,26	*41·38*
1936-37 ..	50	128,58	*55·9*	101,32	†	229,90	6,01	26,27	17,81	32,28	*14·04*	95,11	4,70	99,81	*43·41*
1937-38 ..	54	132,77	*54·9*	109,04	†	241,81	6,61	24,62	15,81	31,23	*12·92*	113,43	6,28	119,71	*49·51*
1938-39 ..	55	129,98	*54·7*	107,85	†	237,83	6,64	15,94	7,28	22,58	*9·50*	115,85	4,86	120,71	*50·75*
		(6,17)		(4,55)		(10,72)	(26)					(4,51)	(26)	(4,77)	
1939-40 ..	59	139,65	*56·8*	106,03	38,86	245,68	7,08	17,43	8,33	24,51	*9·98*	125,89	5,25	131,14	*53·38*
		(7,01)		(4,08)		(11,09)	(35)					(4,42)	(28)	(4,70)	
1940-41 ..	63	163,90	*61·0*	104,94	37,58	268,84	8,37	36,42	26,13	44,79	*16·66*	122,13	3,84	125,97	*46·86*
		(8,11)		(3,75)		(11,86)	(42)					(4,43)	(15)	(4,58)	
1941-42 ..	59	211,35	*66·3*	107,61	37,24	318,96	9,86	36,65	23,93	46,51	*14·58*	120,20	4,93	125,13	*39·23*
		(11,22)		(4,24)		(15,46)	(70)					(4,88)	(9)	(4,97)	
1942-43 ..	61	306,28	*74·6*	104,21	48,30	410,49	12,97	55,73	38,33	68,70	*16·73*	95,68	2,18	97,86	*23·83*
1943-44 ..	75	456,63	*76·2*	142,78	68,03	599,41	20,57	63,63	37,99	84,20	*14·05*	156,14	5,59	161,73	*26·98*
1944-45 ..	84	584,80	*75·1*	194,12	90,58	778,92	27,31	89,25	56,90	116,56	*14·96*	224,22	11,16	235,38	*30·22*
1945-46 ..	91	654,53	*71·6*	259,52	..	914,05	34,80	89,91	51,99	124,71	*13·64*	285,07	16,05	301,12	*32·94*
April 1945	85	605,25	*72·9*	223,86	92,86	829,11	29,69	81,14	46,40	110,83	*13·37*	280,02	14,82	294,84	*35·56*
May ..	85	613,97	*72·8*	229,08	94,90	843,05	30,71	86,28	51,00	116,99	*13·88*	276,25	14,11	290,36	*34·44*
June ..	86	624,43	*72·6*	235,45	98,65	859,88	32,59	87,35	51,42	119,94	*13·95*	278,08	13,60	291,68	*33·92*
July ..	86	624,46	*72·1*	241,64	101,26	866,10	33,71	74,00	37,95	107,71	*12·44*	282,46	14,58	297,04	*34·30*
August ..	87	635,58	*71·8*	249,22	103,98	884,80	33,09	93,89	57,13	126,98	*14·35*	270,73	13,72	284,45	*32·15*
Sept. ..	88	643,68	*71·7*	254,18	106,91	897,86	33,82	111,42	74,16	145,24	*16·18*	251,41	13,34	264,75	*29·49*
Oct. ..	90	655,43	*71·5*	261,27	109,86	916,70	34,91	108,61	70,61	143,52	*15·66*	249,66	13,26	262,92	*28·68*
Nov. ..	91	668,87	*71·3*	268,71	111,98	937,58	38,22	92,75	53,94	127,97	*13·65*	258,26	16,09	274,35	*29·26*
Dec. ..	91	681,31	*71·1*	277,01	114,74	958,32	37,28	77,60	37,99	114,88	*11·99*	295,02	20,31	315,33	*32·90*
Jan. 1946	91	688,49	*70·9*	281,96	117,91	970,45	40.77	82,87	42,81	123,64	*12·74*	319,17	20,38	339,55	*34·99*
Feb. ..	91	705,68	*70·7*	292,98	120,48	998,66	40,02	102,64	61,50	142,66	*14·29*	316,11	19,28	335,39	*33·58*
March ..	91	703,65	*70·4*	296,00	121,56	999,65	36,27	81,42	40,32	117,69	*11·77*	341,54	19,45	360,99	*36·11*

Note :—Figures for Burma shown in brackets. * Figures for India only from 1942-43. ** For the purposes of Section 42 of the Reserve Bank of India Act, the Savings Bank Deposits are classified into demand or time liabilities according to rules of the various scheduled banks in respect of withdrawal of these deposits. † Figures not available.

STATEMENT XXIX

Scheduled Banks' Consolidated Position in India and Burma since 1935-36*

Indices (1938-39 = 100) (In lakhs of rupees)

(Reference paragraph 63)

Average of Friday Figures	Demand Liabilities	Time Liabilities	Total Demand and Time Liabilities	Cash	Balances with Reserve Bank	Excess of (e) over the statutory minimum	Total Cash and Balances with Reserve Bank	% of (g) to (c)	Advances	Bills Discounted	Total Advances and Bills Discounted	% of (k) to (c)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1935–36	93·8	91·5	92·7	89·6	199·9	326·8	167·4	*180·4*	75·7	73·3	75·6	*81·5*
1936–37	98·9	93·9	96·7	90·5	164·8	244·6	142·9	*147·8*	82·1	96·7	82·7	*85·5*
1937–38	102·1	101·1	101·7	99·5	154·5	217·2	138·3	*136·0*	97·9	129·2	99·2	*97·6*
1938–39	100·0	100·0	100·0	100·0	100·0	100·0	100·0	*100·0*	100·0	100·0	100·0	*100·0*
1939–40	107·4	98·3	103·3	106·6	109·3	114·4	108·5	*105·1*	108·7	108·0	108·6	*105·2*
1940–41	126·1	97·3	113·0	126·1	228·5	358·9	198·4	*175·4*	105·4	79·0	104·4	*92·3*
1941–42	162·6	99·8	134·1	148·5	229·9	328·7	206·0	*153·5*	103·8	101·4	103·7	*77·3*
1942–43	235·6	96·6	172·6	195·3	349·6	526·5	304·3	*176·1*	82·6	44·9	81·1	*46·9*
1943–44	351·3	132·4	252·0	309·8	399·2	521·8	372·9	*147·9*	134·8	115·0	134·0	*53·2*
1944–45	449·9	180·0	327·5	411·3	559·9	781·6	516·2	*157·5*	193·5	229·6	195·0	*59·5*
1945–46	503·6	240·6	384·3	524·1	564·1	554·0	521·2	*123·9*	246·1	330·2	195·0	*71·2*
April 1945	465·6	207·6	348·6	447·1	509·0	637·4	490·8	*140·7*	241·7	304·9	244·3	*70·1*
May	472·4	212·4	354·5	462·5	541·3	700·5	518·1	*146·1*	238·5	290·3	240·5	*67·9*
June	480·4	218·3	361·6	490·8	548·0	706·3	531·2	*146·8*	240·0	279·8	241·6	*66·8*
July	480·4	224·1	364·2	507·7	464·2	521·3	477·0	*130·9*	243·8	300·0	246·1	*67·6*
August	489·0	231·1	372·0	498·3	589·0	784·7	562·4	*151·1*	233·7	282·3	235·6	*63·3*
September	495·2	235·7	377·5	509·3	699·0	1018·7	643·2	*170·3*	217·0	274·5	219·3	*58·1*
October	504·3	242·3	385·4	525·8	681·4	969·9	635·6	*164·8*	215·5	272·8	217·8	*56·5*
November	514·6	249·2	394·2	530·4	581·9	740·9	566·7	*143·7*	222·9	331·1	227·3	*57·7*
December	524·2	256·8	402·9	561·4	486·8	521·8	508·8	*126·2*	254·7	417·9	261·2	*64·8*
January 1946	529·7	261·4	408·0	614·0	519·9	588·0	547·6	*134·1*	275·5	419·3	281·3	*68·9*
February	542·9	271·7	419·9	602·7	643·9	844·8	631·8	*150·4*	272·9	396·7	277·8	*66·2*
March	541·4	274·5	420·3	546·2	510·8	553·8	521·2	*123·9*	294·8	400·2	299·1	*71·2*

*Figures for India only from 1942-43.

STATEMENT XXX

Clearing House Statistics (Annual) since 1918–19

(Reference paragraph 64)

(In lakhs of rupees)

	Calcutta	Bombay	Madras	Karachi	Rangoon	Cawnpore	Lahore	Delhi	Total	Other Centres†
1918–19	7,41,13	5,69,46	25,45	22,30	73,85	..	..	..	**14,32,19**	..
1919–20	10,55,76	8,83,02	33,95	23,13	94,74	..	..	..	**20,90,60**	..
1920–21	14,39,93	13,15,93	75,79	33,42	1,04,84	6,63	..	..	**29,76,54**	..
1921–22	9,05,01	9,06,73	39,54	36,73	1,22,02	9,01	5,86	..	**20,24,90**	..
1922–23	9,80,26	8,58,73	45,13	33,58	1,25,96	7,93	8,49	..	**20,60,08**	..
1923–24	8,53,05	7,07,98	55,41	41,52	1,32,82	6,38	5,85	..	**18,03,01**	..
1924–25	9,54,11	6,21,66	55,96	46,13	1,17,21	5,72	5,57	..	**18,06,36**	..
1925–26	10,12,19	4,45,05	56,80	36,14	1,25,33	6,16	6,86	..	**16,88,53**	..
1926–27	9,61,01	4,22,68	54,53	31,07	1,24,42	8,16	7,70	..	**16,09,57**	..
1927–28	10,54,02	3,89,80	59,79	30,82	1,25,57	7,00	7,59	..	**16,74,59**	..
1928–29	10,94,00	6,52,35	65,73	28,02	1,25,00	7,31	8,69	..	**19,81,10**	..
1929–30	9,60,97	7,93,66	82,19	26,49	1,20,70	7,56	8,17	..	**19,99,74**	..
1930–31	8,66,28	6,66,61	50,36	24,47	1,06,55	5,71	10,67	..	**17,30,65**	..
1931–32	7,31,09	6,23,82	43,97	23,23	78,90	5,63	9,02	..	**15,15,66**	..
1932–33	7,90,37	6,67,42	48,85	25,56	70,75	7,08	8,50	..	**16,18,53**	..
1933–34	8,30,88	6,55,47	53,19	26,78	56,12	8,88	9,88	..	**16,41,20**	..
1934–35	8,75,69	6,89,17	56,22	28,96	61,03	11,51	10,43	..	**17,33,01**	..
1935–36	9,18,68	7,16,74	69,23	30,12	72,00	11,69	11,16	13,73	**18,43,35**	..
1936–37	9,23,68	7,62,38	91,39	31,94	83,75	11,51	11,40	15,61	**19,31,66**	..
1937–38	9,66,93	8,15,56	1,09,64	35,53	82,07	11,91	11,21	18,27	**20,51,12**	..
1938–39	9,34,65	7,86,22	98,91	32,66	81,40	11,76	10,36	18,58	**19,74,54**	28,31
1939–40	11,54,03	8,83,97	99,94	37,53	97,55	14,22	11,14	20,35	**23,18,73**	31,78
1940–41	10,08,53	8,02,32	1,08,65	46,76	1,18,64	19,20	16,33	28,53	**21,48,96**	42,28
1941–42	12,33,61	10,48,60	1,36,41	58,80	1,09,15*	29,59	26,71	41,35	**26,84,22**	91,27
1942–43	10,74,66	13,45,23	1,31,40	77,51	..	56,21	48,76	81,94	**28,15,71**	1,63,38
1943–44	17,18,61	19,66,69	1,96,80	1,01,36	..	1,01,06	77,80	1,19,16	**42,81,48**	2,97,74
1944–45	23,51,59	22,36,97	2,27,37	1,24,54	..	1,12,95	95,94	1,29,94	**52,79,30**	3,37,87
1945–46	28,26,21	24,87,60	2,98,23	1,45,49	..	1,13,47	1,03,39	1,46,02	**61,20,41**	4,22,21

* Figures from December 1941 not available. † Ahmedabad, Amritsar, Calicut, Coimbatore, Lucknow, Madura, Mangalore, Simla, Nagpur, Rawalpindi (from April 1941), Patna (from April 1943), Allahabad (from October 1943), Lyallpur (from September 1944), Jullundur (from February 1945), Agra (from May 1945), and Dehra Dun (from February 1946).

STATEMENT XXXI

NUMBER AND AMOUNT OF CHEQUES CLEARED (MONTHLY) AT EACH CENTRE, 1945–46

(Reference paragraph 64)

(Rupees in lakhs)

Centre	1945-46 April	May	June	July	August	September	October	November	December	January	February	March	Total
BOMBAY—													
Number ..	6,65,550	6,20,326	5,90,410	6,72,463	6,03,927	5,70,236	6,93,695	6,33,490	6,68,807	7,20,508	6,18,988	6,64,329	**77,22,729**
Amount ..	2,07,63	1,82,59	2,02,23	2,16,02	1,81,68	1,67,36	2,23,94	1,98,28	2,28,43	2,40,41	2,04,29	2,34,74	**24,87,60**
CALCUTTA—													
Number ..	6,30,177	6,21,220	6,52,877	6,77,905	6,62,986	6,81,340	6,37,707	6,34,746	6,36,254	7,42,872	5,55,565	6,79,331	**78,12,980**
Amount ..	1,95,05	1,96,85	2,16,94	2,44,89	2,29,56	2,38,34	2,26,38	2,19,11	2,56,63	3,10,86	2,08,16	2,83,44	**28,26,21**
CAWNPORE—													
Number ..	32,014	29,631	27,391	29,802	28,634	27,834	30,782	29,915	31,496	37,498	30,854	30,318	**3,66,169**
Amount ..	9,48	8,01	8,05	8,44	7,98	8,71	9,45	9,06	9,94	12,99	10,77	10,59	**1,13,47**
DELHI—													
Number ..	74,073	73,327	68,514	69,860	73,381	67,142	77,436	73,468	72,987	91,980	78,791	87,033	**9,07,992**
Amount ..	11,98	10,77	10,19	11,83	10,69	9,75	12,20	12,03	13,72	15,43	14,46	12,97	**1,46,02**
KARACHI—													
Number ..	52,669	52,306	53,979	57,020	53,881	53,527	63,597	57,734	58,041	66,062	59,131	62,514	**6,90,461**
Amount ..	11,22	12,37	11,51	10,92	10,75	9,63	13,12	11,60	11,63	13,56	13,61	15,47	**1,45,49**
LAHORE—													
Number ..	68,296	67,060	63,841	70,873	64,039	61,291	70,216	66,916	65,276	80,551	73,453	79,975	**8,31,787**
Amount ..	7,80	7,47	8,48	8,21	7,52	8,33	8,88	818	8,33	10,18	10,15	9,86	**1,03,39**
MADRAS—													
Number ..	1,43,206	1,30,637	1,31,379	1,46,348	1,36,656	1,38,334	1,51,599	1,51,634	1,43,604	1,76,722	1,52,696	1,76,760	**17,79,575**
Amount ..	20,53	20,49	21,27	23,57	21,82	23,64	27,29	24,35	27,88	29,87	26,50	31,03	**2,98,24**
Total—													
Number ..	**16,65,985**	**15,94,507**	**15,88,391**	**17,24,271**	**16,23,504**	**15,99,704**	**17,25,032**	**16,47,903**	**16,76,465**	**19,16,193**	**15,69,478**	**17,80,260**	**201,11,693**
Amount ..	**4,63,69**	**4,38,55**	**4,78,67**	**5,23,88**	**4,70,00**	**4,65,76**	**5,21,26**	**4,82,61**	**5,56,56**	**6,33,30**	**4,87,94**	**5,98,20**	**61,20,42**
OTHER CENTRES*—													
Number ..	1,65,419	1,63,200	1,58,461	1,79,322	1,75,444	1,75,792	1,94,449	1,68,906	1,89,386	2,14,202	1,97,762	2,20,246	22,02,589
Amount ..	25,32	29,69	36,19	37,43	33,78	33,01	38,73	32,12	35,32	40,50	37,25	40,59	4,22,21

*. Ahmedabad, Amritsar, Calicut, Coimbatore, Lucknow, Madura, Mangalore, Simla, Nagpur, Rawalpindi, Patna, Allahabad, Lyallpur, Jullundur, Agra (from May 1945), and Dehra Dun (from February 1946).

STATEMENT XXXII

(A) Remittances through the Reserve Bank of India

Telegraphic Transfers issued and paid, 1945-46

(Reference paragraph 65)

(In lakhs of rupees)

Centre	1943-44				1944-45				1945-46			
	April to September		October to March		April to September		October to March		April to September		October to March	
	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid	Issued	Paid
Bombay ..	79,91	183,79	116,08	210,78	90,28	186,23	104,22	164,00	69,41	202,33	127,56	226,38
Calcutta ..	255,59	104,25	306,28	140,01	261,61	134,89	294,85	132,75	291,75	104,48	332,49	146,40
Cawnpore ..	9,86	21,88	10,55	23,79	17,73	20,94	11,69	30,86	20,40	21,34	14,83	31,49
Delhi ..	22,63	11,35	27,47	19,40	32,20	16,71	45,49	40,54	47,66	30,90	32,93	24,84
Karachi ..	18,76	18,10	18,31	22,22	21,51	22,89	19,03	25,24	15,55	21,10	18,12	20,78
Lahore ..	18,80	38,54	22,54	43,65	30,46	32,39	21,17	48,25	29,97	37,39	26,55	55,83
Madras ..	16,32	26,45	14,07	33,88	19,04	25,53	18,01	44,69	27,94	35,03	39,61	67,05
Total ..	**421,87**	**404,36**	**515,30**	**493,73**	**472,83**	**439,58**	**514,46**	**486,33**	**502,68**	**452,57**	**592,09**	**572,77**

(B) Remittances through the Imperial Bank of India, 1945-46*

(Reference paragraph 65)

(In lakhs of rupees)

From Offices in	To Offices in 1943-44				To Offices in 1944-45				To Offices in 1945-46			
	Bengal Circle	Bombay Circle	Madras Circle	Total	Bengal Circle	Bombay Circle	Madras Circle	Total	Bengal Circle	Bombay Circle	Madras Circle	Total
Bengal Circle	330,59	124,66	15,28	**470,53**	337,36	117,70	15,49	**470,55**	322,97	115,48	16,45	**454,90**
Bombay Circle	70,27	219,49	22,57	**312,33**	62,74	164,08	25,21	**252,03**	75,17	217,93	25,74	**318,84**
Madras Circle	25,23	43,15	126,23	**194,61**	25,43	44,11	136,16	**205,70**	25,12	59,76	146,33	**231,21**
Total ..	**426,09**	**387,30**	**164,08**	**977,47**	**425,53**	**325,89**	**176,86**	**928,28**	**423,26**	**393,17**	**188,52**	**100,495**

* Telegraphic Transfers paid, Mail Transfers received, Drafts paid and Demand Drafts purchased.

STATEMENT XXXII—(*continued.*)

(C) Remittances effected between the Reserve Bank of India and the Imperial Bank of India and Treasury Agencies

(*Reference paragraph* 65)

(Rupees in lakhs)

	HALF-YEAR ENDED 30-9-44				HALF-YEAR ENDED 31-3-45				HALF-YEAR ENDED 30-9-45			
	Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers		Telegraphic Transfers		Drafts and Mail Transfers	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
The General Public	17,638	51,95	3,15,608	70,70	16,797	44,33	2,98,572	67,27	14,462	41,27	2,86,130	63,36
Scheduled Banks :												
At par	9,000	296,01	2,513	18,43	8,419	302,04	2,937	16,60	10,011	342,41	2,492	17,94
At premium	4,860	31,45	14,936	13,67	6,152	44,65	15,730	14,73	5,072	34,09	17,221	17,26
Approved Non-Scheduled Banks & Indigenous Bankers (under para. 3C of the Remittance Facilities Scheme)	615	1,71	4,293	3,76	605	2,44	3,841	3,28	565	2,20	4,775	4,69
Co-operative Banks and Societies :												
At par	55	79	523	2,74	43	54	495	1,97	68	78	555	3,86
At premium	388	3,35	10,630	7,36	494	3,47	10,599	7,56	249	1,80	10,520	9,17
Local Funds at a premium (under para. 3E (*i*) (*f*) of the Remittance Facilities Scheme) ..	8	1	2,742	20	—	—	3,300	20	9	—	3,698	47
Other remittances at par ..	1,487	14,98	95,015	43,62	1,551	43,91	99,823	56,33	1,995	38,05	96,230	44,98
Government :												
Intra-Provincial at par ..	65	4,59	1,18,691	38,32	477	1,84	1,49,917	44,64	854	3,45	1,46,069	46,01
Extra-Provincial at premium	26	6	12,276	4,19	221	29	15,322	3,91	79	15	11,814	3,83
**Total .. .. ..

STATEMENT XXXIV

Reserve Bank of India: Banking Department*

Weekly Statement of Assets and Liabilities, 1945-46

(In lakhs of rupees)

(Reference paragraph 67)

Friday 1945-46		LIABILITIES							ASSETS					
		Deposits												
		Central Government	Other Govts.	Banks	Others	Total	Other Liabilities	Total Liabilities or Assets	Notes and Coin	Balances held abroad	Loans and Advances to Govts.	Other Loans & Advances	Bills purchased & discounted	Investments	Other Assets
Apr.	6	.. 263,38	22,52	85,91	23,04	**394,85**	22,56	**427,41**	8,83	385,07	1,00	5	3,20	24,54	4,72
,,	13	.. 268,56	15,74	85,93	23,87	**394,10**	20,42	**424,52**	10,44	380,04	2,19	4	6,48	20,42	4,91
,,	20	.. 282,66	24,42	78,68	24,92	**410,68**	19,11	**439,79**	9,58	394,19	64	2	8,98	21,49	4,89
,,	27	.. 280,34	20,57	83,82	26,00	**410,73**	19,98	**440,71**	11,45	396,89	—	—	6,18	21,55	4,64
May	4	.. 268,44	17,83	93,60	24,58	**404,45**	21,18	**435,63**	9,78	391,31	—	2	6,99	22,83	4,70
,,	11	.. 264,19	17,22	82,40	25,95	**388,86**	22,32	**421,18**	7,70	379,93	—	—	7,14	21,70	4,71
,,	18	.. 268,25	20,06	83,97	26,31	**398,59**	22,61	**431,20**	12,11	386,11	—	—	6,79	21,40	4,79
,,	25	.. 266,51	22,95	91,38	28,89	**409,73**	21,89	**441,62**	16,63	392,40	—	—	6,14	21,62	4,83
June	1	.. 266,26	19,31	90,86	28,67	**405,10**	25,24	**440,34**	13,96	393,55	—	—	5,74	21,75	5,34
,,	8	.. 251,42	20,63	91,92	29,75	**393,72**	23,43	**427,15**	9,80	388,72	—	—	1,62	21,72	5,29
,,	15	.. 261,79	17,61	91,82	20,68	**391,90**	22,74	**424,64**	9,75	386,44	48	—	94	21,76	5,27
,,	22	.. 271,84	21,22	86,50	18,93	**398,49**	21,46	**429,95**	12,93	388,42	73	11	63	21,77	5,36
,,	29	.. 279,51	23,09	79,24	17,89	**399,73**	22,87	**432,60**	9,95	395,16	70	—	—	21,29	5,50
July	6	.. 277,20	21,21	82,55	20,47	**401,43**	20,74	**432,17**	12,85	395,08	68	2	—	20,58	2,96
,,	13	.. 294,79	16,17	72,39	20,31	**403,66**	20,99	**434,65**	10,94	402,94	49	—	10	17,19	2,99
,,	20	.. 321,04	18,96	68,60	21,31	**429,91**	19,40	**459,31**	17,02	412,38	50	—	6,81	19,62	2,98
,,	27	.. 353,79	21,12	75,07	21,76	**471,74**	7,13	**488,87**	24,39	434,45	17	—	3,75	20,23	5,88
Aug.	3	.. 343,03	20,08	85,71	21,37	**470,19**	8,85	**489,04**	20,53	438,27	—	—	4,03	20,38	5,83
,,	10	.. 342,11	18,33	86,62	21,54	**468,60**	9,49	**488,09**	13,92	443,70	—	—	4,03	20,60	5,84
,,	17	.. 346,17	18,25	92,11	22,21	**478,74**	9,24	**497,98**	14,02	454,86	15	—	3,93	20,29	4,73
,,	24	.. 347,53	19,27	99,82	24,63	**491,25**	8,68	**509,93**	10,05	461,50	37	—	3,93	28,05	6,03
,,	31	.. 363,53	19,44	105,19	13,23	**501,39**	11,20	**522,59**	14,93	472,78	—	—	3,93	24,93	6,02

Sept.	7	..	352,26	19,61	114,13	12,87	498,87	8,18	517,05	9,82	471,94	—	—	3,93	25,32	6,04
„	14	..	354,81	21,87	114,87	15,67	507,22	8,31	525,53	10,51	480,08	2	—	3,93	24,71	6,28
„	21	..	379,46	24,16	105,98	9,91	519,51	11,02	540,53	18,69	491,33	—	—	3,93	20,30	6,28
„	28	..	383,44	24,37	111,13	10,17	529,11	10,33	549,44	21,26	498,47	—	—	3,65	20,84	5,22
Oct.	5	..	388,97	19,65	109,47	9,53	527,62	11,12	548,74	10,65	508,85	—	—	2,20	21,86	5,18
„	12	..	395,62	17,71	96,99	12,14	522,46	15,81	548,27	9,13	509,44	5	—	2,21	21,84	5,60
„	19	..	399,59	17,40	112,83	12,69	542,51	12,03	564,54	9,47	525,63	10	—	2,20	21,47	5,67
„	26	..	411,22	19,71	110,88	11,48	553,29	11,73	575,02	13,99	533,02	—	—	1	21,71	6,29
Nov.	2	..	429,36	16,71	99,04	12,77	557,88	11,70	579,58	11,98	540,52	—	5	1	20,10	6,92
„	9	..	427,24	12,61	95,91	11,47	547,23	14,71	571,94	8,68	536,56	5	—	1	20,12	6,52
„	16	..	439,87	13,15	91,72	12,81	557,55	12,82	580,37	9,39	544,48	25	2	1	19,75	6,47
„	23	..	451,67	18,09	85,55	13,28	568,59	12,75	591,34	13,37	550,85	12	2	21	19,93	6,84
„	30	..	470,05	14,96	82,99	13,44	581,44	13,42	604,86	12,66	564,13	18	5	79	19,87	7,18
Dec.	7	..	455,76	16,65	85,36	14,12	571,89	12,86	594,75	10,55	555,78	5	5	49	19,89	7,94
„	14	..	458,55	21,32	74,34	14,04	568,25	15,80	594,05	7,98	555,48	40	30	49	21,27	8,13
„	21	..	476,50	22,28	67,56	14,32	580,66	15,50	606,16	12,41	561,70	45	30	41	22,55	8,34
„	28	..	480,82	21,09	76,28	15,18	593,37	14,01	617,38	11,71	562,33	43	78	8,18	25,39	8,56
Jan.	4	..	477,93	17,86	79,49	14,98	590,26	15,68	615,94	8,85	561,64	5	85	8,18	27,18	9,19
„	11	..	472,35	18,81	77,66	11,22	580,04	17,74	607,78	9,78	551,80	—	50	7,88	28,59	9,23
„	18	..	480,78	19,06	72,98	11,19	584,01	15,10	609,11	13,60	541,11	—	2,30	6,33	36,64	9,13
„	25	..	482,85	19,37	104,62	11,89	618,73	15,24	643,97	48,50	542,11	80	15	6,33	36,80	9,28
Feb.	1	..	485,81	19,36	115,10	9,05	629,32	17,99	657,31	57,75	547,34	5	3	4,61	36,90	10,63
„	8	..	488,32	20,14	106,47	9,46	624,39	14,49	648,88	46,46	547,54	13	4	1,64	37,75	15,32
„	15	..	499,15	20,71	102,78	10,04	632,68	16,73	659,41	44,76	560,64	15	4	2,73	39,59	11,50
„	22	..	530,91	19,66	92,38	10,04	652,99	20,18	683,17	45,40	585,30	—	1	2,63	36,19	13,64
Mar.	1	..	530,04	18,20	87,91	11,48	647,63	21,16	678,79	35,64	591,16	—	1	2,24	35,58	14,16
„	8	..	498,50	34,96	87,48	11,68	632,62	18,08	660,70	19,95	591,60	—	1	2,00	33,21	13,88
„	15	..	497,49	34,53	84,54	9,53	626,09	21,11	657,20	17,44	591,77	—	13	2,00	30,41	15,45
„	22	..	517,34	39,56	73,95	9,68	640,55	21,73	672,28	17,64	607,28	—	18	82	29,76	16,60
„	29	..	521,01	35,90	76,90	9,56	643,37	19,88	673,25	19,83	603,97	—	18	2,60	30,63	16,04

* Capital and Reserves, rupees ten crores.

STATEMENT XXXV

Reserve Bank of India: Issue Department

Weekly Statement of Assets and Liabilities, 1945-46

(*Reference paragraph* 68)

(In lakhs of rupees)

Friday 1945-46	LIABILITIES		ASSETS				
	Notes in Circulation	Notes held in the Banking Department	**Total Liabilities (Total Notes Issued) or Assets**	Gold Coin & Bullion	Sterling Securities	Rupee Coin	Rupee Securities	*Percentage of Gold and Sterling Securities to Total Notes Issued*
April 6	1,100,31	8,59	**1,108,90**	44,42	988,32	18,32	57,84	*93·13*
„ 13	1,108,00	10,18	**1,118,18**	44,42	998,32	17,60	57,84	*93·25*
„ 20	1,108,69	9,31	**1,118,00**	44,42	998,32	17,42	57,84	*93·27*
„ 27	1,107,03	11,15	**1,118,18**	44,42	998,32	17,60	57,84	*93·25*
May 4	1,115,79	9,55	**1,125,34**	44,42	1,006,32	16,76	57,84	*93·37*
„ 11	1,125,03	7,46	**1,132,49**	44,42	1,014,32	15,90	57,85	*93·49*
„ 18	1,125,38	11,85	**1,137,23**	44,42	1,019,32	15,64	57,85	*93·54*
„ 25	1,121,02	16,36	**1,137,38**	44,42	1,019,32	15,79	57,85	*93·53*
June 1	1,123,61	13,82	**1,137,43**	44,42	1,019,32	15,85	57,84	*93·52*
„ 8	1,136,61	9,66	**1,146,27**	44,42	1,029,32	14,69	57,84	*93·67*
„ 15	1,136,52	9,59	**1,146,11**	44,42	1,029,32	14,53	57,84	*93·69*
„ 22	1,133,83	12,75	**1,146,58**	44,42	1,029,32	15,00	57,84	*93·65*
„ 29	1,136,97	9,78	**1,146,75**	44,42	1,029,32	15,16	57,85	*93·63*
July 6	1,138,93	12,73	**1,151,66**	44,42	1,034,32	15,08	57,84	*93·67*
„ 13	1,140,69	10,79	**1,151,48**	44,42	1,034,32	14,89	57,85	*93·68*
„ 20	1,135,29	16,86	**1,152,15**	44,42	1,034,32	15,57	57,84	*93·63*
„ 27	1,128,73	24,21	**1,152,94**	44,42	1,034,32	16,36	57,84	*93·56*

August	3	..	..	..	1,132,70	20,41	**1,153,11**	44,42	1,034,32	16,53	57,84	*93·55*
„	10	..	..	..	1,138,88	13,79	**1,152,67**	44,42	1,034,32	16,09	57,84	*93·59*
„	17	..	..	..	1,138,88	13,87	**1,152,75**	44,42	1,034,32	16,17	57,84	*93·58*
„	24	..	..	..	1,143,59	9,72	**1,153,31**	44,42	1,034,32	16,72	57,85	*93·53*
„	31	..	..	..	1,139,45	14,57	**1,154,02**	44,42	1,034,32	17,44	57,84	*93·48*
September	7	..	..	..	1,151,77	9,51	**1,161,28**	44,42	1,042,32	16,70	57,84	*93·58*
„	14	..	..	..	1,151,21	10,19	**1,161,40**	44,42	1,042,32	16,82	57,84	*93·57*
„	21	..	..	..	1,143,74	18,36	**1,162,10**	44,42	1,042,32	17,52	57,84	*93·52*
„	28	..	..	..	1,141,84	20,90	**1,162,74**	44,42	1,042,32	18,16	57,84	*93·46*
October	5	..	..	..	1,152,13	10,38	**1,162,51**	44,42	1,042,32	17,93	57,84	*93·48*
„	12	..	..	..	1,159,99	8,83	**1,168,82**	44,42	1,049,32	17,23	57,85	*93·58*
„	19	..	..	..	1,159,85	9,16	**1,169,01**	44,42	1,049,32	17,43	57,84	*93·56*
„	26	..	..	..	1,156,13	13,64	**1,169,77**	44,42	1,049,32	18,19	57,84	*93·50*
November	2	..	..	..	1,167,90	11,73	**1,179,63**	44,42	1,059,32	18,05	57,84	*93·57*
„	9	..	..	..	1,179,98	8,41	**1,188,39**	44,42	1,069,32	16,81	57,84	*93·72*
„	16	..	..	..	1,179,12	9,10	**1,188,22**	44,42	1,069,32	16,63	57,85	*93·73*
„	23	..	..	..	1,175,27	13,01	**1,188,28**	44,42	1,069,32	16,70	57,84	*93·73*
„	30	..	..	..	1,176,37	12,17	**1,188,54**	44,42	1,069,32	16,96	57,84	*93·71*
December	7	..	..	..	1,190,45	10,09	**1,200,54**	44,42	1,082,32	15,96	57,84	*93·85*
„	14	..	..	..	1,197,08	7,48	**1,204,56**	44,42	1,087,32	14,98	57,84	*93·95*
„	21	..	..	..	1,202,34	11,98	**1,214,32**	44,42	1,097,32	14,74	57,84	*94·02*
„	28	..	..	..	1,210,89	11,26	**1,222,15**	44,42	1,105,32	14,57	57,84	*94·08*
January	4	..	..	..	1,218,35	8,45	**1,226,80**	44,42	1,110,32	14,22	57,84	*94·13*
„	11	..	..	..	1,226,58	9,35	**1,235,93**	44,42	1,120,32	13,35	57,84	*94·24*
„	18	..	..	..	1,236,59	13,15	**1,249,74**	44,42	1,135,32	12,16	57,84	*94·40*
„	25	..	..	..	1,199,68	48,05	**1,247,73**	44,42	1,135,32	10,15	57,84	*94·55*
February	1	..	..	..	1,188,45	57,31	**1,245,76**	44,42	1,130,32	13,18	57,84	*94·30*
„	8	..	..	..	1,197,37	46,02	**1,243,39**	44,42	1,130,32	10,81	57,84	*94·48*
„	15	..	..	..	1,197,55	44,28	**1,241,83**	44,42	1,125,32	14,25	57,84	*94·19*
„	22	..	..	..	1,195,90	44,90	**1,240,80**	44,42	1,125,32	13,22	57,84	*94·27*
March	1	..	..	..	1,204,97	35,17	**1,240,14**	44,42	1,125,32	12,56	57,84	*94·32*
„	8	..	..	..	1,219,18	19,47	**1,238,65**	44,42	1,125,32	11,07	57,84	*94·44*
„	15	..	..	..	1,220,88	16,92	**1,237,80**	44,42	1,125,32	10,22	57,84	*94·50*
„	22	..	..	..	1,220,81	17,47	**1,238,29**	44,42	1,120,32	15,71	57,84	*94·06*
„	29	..	..	..	1,218,77	19,64	**1,238,41**	44,42	1,120,32	15,83	57,84	*94·05*

STATEMENT XXXVI

RESERVE BANK OF INDIA : BANKING DEPARTMENT* SINCE 1935-36

(Reference paragraph 67)

(In lakhs of rupees)

Average of Friday Figures	LIABILITIES							ASSETS						
	Deposits													
	Central Govt.	Other Govts.	Banks	Others	Total	Other Liabilities	Total Liabilities or Assets	Notes and Coin	Balances held abroad	Loans & Advances to Governments	Other Loans & Advances	Bills purchased & discounted	Investments	Other Assets
1935-36	11,26	..	27,26	9	**38,61**	91	**49,52**	27,68	14,99	86	1	..	5,47	51
1936-37	9,83	..	26,56	41	**36,80**	1,13	**47,93**	25,90	13,61	1,54	1	1	6,04	82
1937-38	11,37	..	24,96	69	**37,02**	87	**47,89**	25,70	13,48	79	2	6	7,12	72
1938-39	14,90	..	16,19	75	**31,84**	1,28	**43,12**	28,38	4,21	1,72	2	1,53	6,36	90
1939-40	6,84	7,00	17,82	1,05	**32,71**	1,54	**44,25**	18,88	12,34	1,05	11	2,87	7,25	1,75
1940-41	10,03	7,37	36,84	1,91	**56,15**	2,56	**68,71**	17,39	39,32	2,01	7	97	7,78	1,17
1941-42	9,65	7,95	37,73	3,89	**59,22**	4,33	**73,55**	12,35	46,08	4,09	4	27	8,96	1,76
1942-43	12,99	8,10	57,36	3,30	**81,75**	7,91	**99,66**	11,92	75,11	1,49	4	68	7,12	3,30
1943-44	29,31	13,16	64,69	6,65	**113,81**	10,82	**134,63**	10,67	111,72	49	15	91	7,61	3,08
1944-45	162,67	16,83	90,57	13,25	**283,32**	14,06	**307,38**	11,19	277,28	43	11	1,46	13,13	3,78
1945-46	386,93	20,68	90,22	16,56	**514,39**	16,32	**540,71**	16,72	488,23	22	12	3,35	24,65	7,42
1944-45														
April	63,40	24,51	64,73	17,21	**169,85**	16,10	**195,95**	11,19	169,05	69	73	85	9,63	3,81
May	60,27	13,96	101,60	7,50	**183,33**	16,45	**209,78**	11,55	181,88	7	10	1,38	10,74	4,06
June	61,50	15,50	98,22	4,45	**179,67**	16,45	**206,12**	11,02	177,26	57	17	2,33	10,91	3,86
July	78,91	17,59	96,56	4,47	**197,53**	13,24	**220,77**	16,07	189,83	21	7	65	11,12	2,82
August	126,31	14,89	99,32	10,34	**250,86**	7,30	**268,16**	15,65	237,04	1	..	52	11,32	3,62
September	160,01	16,54	100,80	13,90	**291,25**	8,43	**309,68**	11,44	282,55	51	..	26	11,55	3,37
October	184,88	12,00	104,03	10,03	**310,94**	9,78	**330,72**	11,41	303,04	1,12	1	6	11,57	3,51
November	212,17	8,86	101,46	9,33	**331,82**	12,01	**353,83**	8,19	329,55	72	..	1	11,77	3,59
December	237,04	12,85	83,37	16,97	**350,23**	13,59	**373,82**	9,58	344,91	49	5	60	14,40	3,79
January	254,91	16,21	68,03	21,54	**360,69**	16,03	**386,72**	9,73	355,61	10	10	2,13	15,02	4,03
February	257,39	20,16	73,79	20,83	**372,17**	18,49	**400,66**	8,48	360,81	4	9	5,55	21,44	4,25
March	242,62	27,61	91,89	21,52	**383,64**	20,19	**413,83**	10,52	377,54	54	1	3,13	17,58	4,51
1945-46														
April	273,74	20,81	83,58	24,46	**402,59**	20,52	**433,11**	10,07	389,05	96	3	6,21	22,00	4,79
May	266,85	19,51	87,84	26,21	**400,41**	22,00	**432,41**	11,55	387,44	..	1	6,76	21,89	4,76
June	266,17	20,37	88,07	23,18	**397,79**	23,15	**430,94**	11,28	390,46	38	2	1,79	21,66	5,35
July	311,71	19,36	74,65	20,96	**426,68**	17,07	**453,75**	16,30	411,21	46	..	2,67	19,41	3,70
August	348,48	19,07	93,89	20,60	**482,04**	9,49	**501,53**	14,69	454,22	11	..	3,97	22,85	5,69
September	367,49	22,50	111,53	12,16	**513,68**	9,46	**533,14**	15,07	485,46	..	..	3,86	22,79	5,96
October	398,85	18,62	107,54	11,46	**536,47**	12,67	**559,14**	10,81	519,23	4	..	1,65	21,72	2,69
November	443,64	15,10	91,04	12,76	**562,54**	13,08	**585,62**	11,22	547,31	12	3	21	19,95	6,78
December	467,91	20,34	75,89	14,41	**578,55**	14,54	**603,09**	10,66	558,82	33	36	2,39	22,28	8,25
January	478,48	18,77	83,69	12,32	**593,26**	15,94	**619,20**	20,18	549,17	21	95	7,18	32,30	9,21
February	501,04	19,97	104,18	9,65	**634,84**	17,35	**662,19**	48,59	560,21	8	3	2,90	37,61	12,77
March	512,88	32,63	82,16	10,38	**638,05**	20,39	**668,44**	22,10	597,16	..	10	1,93	31,92	15,23

* Capital and Reserves, rupees ten crores.

STATEMENT XXXVII

RESERVE BANK OF INDIA: ISSUE DEPARTMENT SINCE 1935-36

(Reference paragraph 68)

(In lakhs of rupees)

Average of Friday figures	LIABILITIES			ASSETS				
	Notes in Circulation	Notes held in the Banking Department	Total Liabilities (TOTAL NOTES ISSUED) or Assets	Gold Coin and Bullion	Sterling Securities	Rupee Coin*	Rupee Securities	*Percentage of Gold and Sterling Securities to Total Notes Issued*
1935-36	164,06	27,58	**191,64**	44,42	62,09	55,51	29,62	*55.58*
1936-37	175,81	25,81	**201,62**	44,42	69,57	64,01	23,62	*56.54*
1937-38	186,15	25,61	**211,76**	44,42	79,92	60,23	27,19	*58.72*
1938-39	182,36 (7,97)	28,28 (1)	**210,64 (7,98)**	44,42	66,95	67,11	32,16	*52.91*
1939-40	209,22 (11,09)	18,79 (8)	**228,01 (11,17)**	44,42	78,63	67,52	37,44	*53.97*
1940-41	241,41 (13,38)	17,26 (20)	**258,67 (13,58)**	44,42	129,92	35,87	48,46	*67.39*
1941-42	307,68 (20,20)	12,21 (23)	**319,89 (20,43)**	44,42	165,00	35,28	75,19	*65.47*
1942-43	513,44	11,80	**525,24**	44,42	319,11	22,33	139,38	*69.21*
1943-44	777,17	10,50	**787,67**	44,42	643,52	14,28	85,45	*87.34*
1944-45	968,69	10,93	**979,62**	44,42	863,73	13,52	57,95	*92·70*
1945-46	1,162,64	16,41	**1,179,05**	44,42	1,061,25	15,52	57,84	*93·78*
1944-45								
April	896,14	10,93	**907,07**	44,42	788,58	15,74	58,33	*91.83*
May	908,98	11,28	**920,26**	44,42	803,58	13,93	58,33	*92.15*
June	926,00	10,76	**936,76**	44,42	821,33	12,78	58,23	*92.42*
July	928,07	15,80	**943,87**	44,42	828,32	13,29	57,84	*92.46*
August	927,47	15,38	**944,85**	44,42	828,32	14,27	57,84	*92.37*
September	937,08	11,18	**948,26**	44,42	831,93	14,07	57,84	*92.42*
October	956,44	11,14	**967,58**	44,42	851,83	13,49	57,84	*92.63*
November	970,85	7,94	**978,79**	44,42	863,83	12,70	57,84	*92.79*
December	994,34	9,31	**1,003,65**	44,42	887,92	13,47	57,84	*92.89*
January	1,029,37	9,48	**1,038,85**	44,42	923,57	13,02	57,84	*93.18*
February	1,053,76	8,24	**1,062,00**	44,42	948,57	11,17	57,84	*93.50*
March	1,078,47	10,25	**1,088,72**	44,42	972,32	14,14	57,84	*93.39*
1945-46								
April	1,106,01	9,81	**1,115,82**	44,42	995,82	17,74	57,84	*93·23*
May	1,121,80	11,31	**1,133,11**	44,42	1,014,82	16,02	57,84	*93·48*
June	1,133,51	11,12	**1,144,63**	44,42	1,027,32	15,05	57,85	*93·63*
July	1,135,91	16,15	**1,152,06**	44,42	1,034,32	15,48	57,84	*93·64*
August	1,138,70	14,47	**1,153,17**	44,42	1,034,32	16,59	57,84	*93·55*
September	1,147,14	14,74	**1,161,88**	44,42	1,042,32	17,30	57,84	*93·53*
October	1,157,03	10,50	**1,167,53**	44,42	1,047,32	17,70	57,84	*93·53*
November	1,175,73	10,88	**1,186,61**	44,42	1,067,32	17,03	57,84	*93·69*
December	1,200,19	10,20	**1,210,39**	44,42	1,093,07	15,06	57,84	*93·98*
January	1,220,30	19,75	**1,240,05**	44,42	1,125,32	12,47	57,84	*94·33*
February	1,194,82	48,13	**1,242,95**	44,42	1,127,83	12,86	57,84	*94·31*
March	1,216,92	21,74	**1,238,66**	44,42	1,123,32	13,08	57,84	*94·05*

Note:—Figures for Burma shown within brackets below totals. Figures for India only from June 1942.
* Including Government of India one rupee notes from July 1940.

STATEMENT XXXVIII

Monthly Statistics of Note Circulation in India and Burma since 1940-41

(Reference paragraph 68)

(In lakhs of rupees)

Last Friday	1940-41			1941-42			1942-43*		
	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation	Total Notes Issued	Notes held in the Banking Dept.	Notes in Circulation
April	252,66	13,04	239,62	280,60	13,48	267,12	425,16	11,30	413,86
May	257,03	8,50	248,53	285,76	12,79	272,97	444,40	12,56	431,84
June	255,96	9,02	246,94	291,10	14,17	276,93	456,11	12,92	443,19
July	263,79	25,87	237,92	292,18	19,17	273,01	463,30	12,30	451,00
August	260,17	28,68	231,49	293,03	16,44	276,59	487,34	13,09	474,25
September	258,15	28,97	229,18	296,76	10,64	286,12	503,35	10,77	492,58
October	257,16	28,49	228,67	307,39	13,94	293,45	524,48	9,78	514,70
November	256,33	27,18	229,15	319,14	11,72	307,42	551,94	11,58	540,36
December	255,19	13,94	241,25	347,72	12,12	335,60	585,80	15,44	570,36
January	260,54	15,49	245,05	366,18	9,77	356,41	604,19	10,94	593,25
February	266,96	17,49	249,47	389,02	9,34	379,68	626,23	11,87	614,36
March	269,25	11,59	257,66	421,06	10,99	410,07	655,11	11,53	643,58
	1943-44*			**1944-45***			**1945-46***		
April	689,79	12,18	677,61	908,36	11,56	896,80	1,118,18	11,15	1,107,03
May	715,23	11,12	704,11	921,28	10,97	910,31	1,137,38	16,36	1,121,02
June	734,75	11,40	723,35	943,40	12,02	931,38	1,146,75	9,78	1,136,97
July	750,78	10,40	740,38	944,99	23,02	921,97	1,152,94	24,21	1,128,73
August	766,31	11,67	754,64	945,58	18,57	927,01	1,154,02	14,57	1,139,45
September	774,46	14,78	759,68	950,83	9,58	941,25	1,162,74	20,90	1,141,84
October	791,05	8,96	782,09	972,18	15,64	956,54	1,169,77	13,64	1,156,13
November	804,68	10,31	794,37	981,16	8,07	973,09	1,188,54	12,17	1,176,37
December	850,40	9,60	840,80	1,021,26	11,66	1,009,60	1,222,15	11,26	1,210,89
January	862,89	9,21	853,68	1,044,21	10,20	1,034,01	1,247,73	48,05	1,199,68
February	880,04	12,54	867,50	1,067,05	7,71	1,059,34	1,240,80	44,90	1,195,90
March	894,84	12,35	882,49	1,094,66	9,78	1,084,88	1,238,41	19,64	1,218,77

* Excluding Burma notes.

STATEMENT XXXIX

CIRCULATION AND ABSORPTION OF NOTES (ANNUAL) IN INDIA AND BURMA SINCE 1909-10

(Reference paragraph 70)

(In lakhs of rupees)

		Year-end				Annual Average			
		Total Notes Issued	Notes in Circulation	Absorption (+) or Return (—)	% of *Absorption or Return*	Total Notes Issued	Notes in Circulation	Increase or decrease in average circulation	% of *increase or decrease in average circulation*
Average for 5 years 1909-10 to 1913-14		**61,17**	**44,41**	..	..	**58,51**	**41,97**	..	..
1914-15		61,63	43,96	— 6,01	— *12*	64,04	45,43	— 1,20	— *3*
1915-16		67,73	53,19	+ 9,23	+ *21*	64,10	48,08	+ 2,65	+ *6*
1916-17		86,37	67,08	+ 13,89	+ *26*	76,14	59,36	+ 11,28	+ *23*
1917-18		99,79	84,30	+ 17,22	+ *26*	101,77	71,87	+ 12,51	+ *21*
1918-19		153,46	133,58	+ 49,28	+ *58*	133,20	113,84	+ 41,97	+ *58*
1919-20		174,52	153,78	+ 20,20	+ *15*	171,68	151,10	+ 37,26	+ *33*
1920-21		166,16	147,88	— 5,90	— *4*	163,51	138,88	— 12,22	— *8*
1921-22		174,76	157,23	+ 9,35	+ *6*	173,80	152,22	+ 13,34	+ *10*
1922-23		174,70	161,10	+ 3,87	+ *2*	176,33	153,27	+ 1,05	+ *1*
1923-24		185,85	169,06	+ 7,96	+ *5*	179,01	156,93	+ 3,66	+ *2*
1924-25		184,19	166,55	— 2,51	— *1*	179,27	160,91	+ 3,98	+ *3*
1925-26		193,34	167,71	+ 1,16	+ *1*	186,88	163,16	+ 2,25	+ *1*
1926-27		184,13	164,31	— 3,40	— *2*	189,13	156,36	— 6,80	— *4*
1927-28		184,87	174,53	+ 10,22	+ *6*	180,16	162,62	+ 6,26	+ *4*
1928-29		188,03	178,10	+ 3,57	+ *2*	184,86	171,90	+ 9,28	+ *6*
1929-30		177,23	159,30	— 18,80	— *11*	183,11	163,00	— 8,90	— *5*
1930-31		160,84	147,93	— 11,37	— *7*	165,49	151,13	— 11,87	— *7*
1931-32		178,14	165,17	+ 17,24	+ *12*	163,64	152,62	+ 1,49	+
1932-33		176,90	150,34	— 14,83	— *9*	173,83	152,04	— 58	..
1933-34		177,22	163,88	+ 13,54	+ *9*	178,13	157,47	+ 5,43	+ *4*
1934-35		186,10	163,56	— 32	..	183,24	161,60	+ 4,13	+ *3*
1935-36		195,58	168,82	+ 5,26	+ *3*	191,64	164,06	+ 2,46	+ *2*
1936-37		208,00	194,35	+ 25,53	+ *15*	201,62	175,81	+ 11,75	+ *7*
1937-38	I	206,20	178,29	— 8,23	— *4*	207,79	182,19	+ 10,34	+ *6*
	B	7,83	7,83			3,97	3,96		
1938-39	I	196,47	178,36	+ 7	..	202,66	174,39	— 7,80	— *4*
	B	10,76	10,74	+ 2,91	+ *37*	7,98	7,97	+ 4,01	+ *101*
1939-40	I	238,43	225,10	+ 46,74	+ *26*	216,84	198,13	+ 23,74	+ *14*
	B	13,78	13,45	+ 2,71	+ *25*	11,17	11,09	+ 3,12	+ *39*
1940-41	I	251,81	240,55	+ 15,45	+ *7*	245,09	228,03	+ 29,90	+ *15*
	B	17,44	17,11	+ 3,66	+ *27*	13,58	13,38	+ 2,29	+ *21*
1941-42	I	392,71	381,73	+ 141,18	+ *59*	299,46	287,48	+ 59,45	+ *26*
	B	28,35	28,33	+ 11,22	+ *66*	20,43	20,20	+ 6,82	+ *51*
1942-43 I		655,11	643,58	+ 261,85	+ *69*	525,24	513,44	+ 225,96	+ *79*
1943-44 I		894,84	882,49	+ 238,91	+ *37*	787,67	777,17	+ 263,73	+ *51*
1944-45 I		1,094,66	1,084,88	+ 202,39	+ *23*	979,62	968,69	+ 191,52	+ *25*
1945-46 I		1,238,41	1,218,77	+ 133,89	+ *12*	1,179,05	1,162,64	+ 193,95	+ *20*

Note.—Since the Bank assumed the management of the currency, the variations in the figures of notes in circulation as given in the weekly returns of the Issue Department of the Bank are taken to indicate absorption or return. Notes in circulation now include the amounts held in Government Treasuries as well as by the public, but exclude the holdings of the Banking Department of the Reserve Bank.

I—India notes. B—Burma notes.

STATEMENT XL

ABSORPTION OF SMALL COIN (ANNUAL) SINCE 1909-10

(Reference paragraph 72)

(In thousands of rupees)

	Silver half rupees†	Four anna pieces	Two anna pieces	One anna pieces	Half anna pieces*	Single pice	Half pice	Pie pieces	Total
Average for five years 1909-10 to 1913-14	..	**15,75**	**13,59**	**21,02**	..	**10,51**	**83**	**83**	**62,53**
Average for five years 1914-15 to 1918-19	..	**37,24**	**29,54**	**27,86**	..	**5,63**	**66**	**1,18**	**1,02,11**
1919–20	..	88,15	60,33	44,05	..	21,18	90	1,21	**2,15,82**
1920–21	..	— 9,31	— 23,24	— 12,82	..	— 2,22	42	1,15	— **46,02**
1921–22	..	— 7,09	— 2,40	3,28	..	52	53	1,11	— **4,05**
1922–23	..	3,67	1,70	12,99	..	2,89	57	76	**22,58**
1923–24	..	6,20	3,99	19,88	..	2,42	54	75	**33,78**
1924–25	..	15,87	4,90	21,86	..	5,31	65	72	**49,31**
1925–26	..	3,34	5,49	11,22	..	2,23	45	72	**23,45**
1926–27	..	51	— 6,10	11,62	..	4,05	45	86	**11,39**
1927–28	..	7,03	4,62	22,02	..	5,05	54	85	**40,11**
1928–29	..	8,89	6,57	22,12	..	5,04	57	74	**43,93**
1929–30	..	— 2,05	— 1,88	10,36	..	5,77	57	79	**13,56**
1930–31	..	— 31,70	— 18,88	— 14,33	..	— 1,30	58	55	— **65,08**
1931–32	..	7,16	3,73	8,52	..	16	59	1,29	**21,45**
1932–33	..	— 6,11	2,13	10,82	..	1,48	60	1,02	**9,94**
1933–34	..	14,01	16,04	23,27	..	10,28	74	1,10	**65,44**
1934–35	..	1,54	12,93	20,35	..	11,88	83	76	**48,29**
1935–36	..	— 5,59	— 5,58	7,76	13,06	..	11,31	81	59	**22,36**
1936–37	..	22,50	15,97	22,20	25,48	..	12,92	79	66	**1,00,52**
1937–38	..	25,00	10,26	16,08	19,21	..	14,52	89	85	**86,81**
1938–39	..	2,40	— 9,55	3,55	6,34	..	14,80	84	77	**19,15**
1939–40	..	59,67	38,97	48,07	51,25	..	21,08	97	97	**2,20,98**
1940–41	..	1,52,76	1,02,27	71,56	76,14	..	23,27	1,14	1,06	**4,28,20**
1941–42	..	1,56,83	1,26,47	87,91	99,25	4,16	29,31	1,18	1,16	**5,06,27**
1942–43	..	3,81,92	2,86,87	2,21,82	2,02,27	56,89	12,69	37	75	**11,63,58**
1943–44	..	5,40,61	5,16,98	3,33,70	3,10,98	1,14,33	29,45	8	13	**18,46,26**
1944–45	..	5,51,02	5,40,15	3,07,06	3,43,33	1,30,02	48,78	— 2	4	**19,20,38**
1945–46	..	2,95,54	2,99,29	1,35,65	1,54,94	61,18	51,16	3	4	**9,97,83**

† Since the inauguration of the Reserve Bank in 1935 silver half rupees have been included in statistics relating to small coin. * Nickel half anna pieces introduced in January 1942.

STATEMENT XLI

ABSORPTION OF CURRENCY (ANNUAL) SINCE 1914-15

(Reference paragraph 73)

(In lakhs of rupees)

	Notes	Rupees*	Small Coin	Total
Average for 5 years 1914-15 to 1918-19..	**+ 16,72**	**+ 22,08**	**+ 1,02**	**+ 39,82**
1914-15	— 6,01	— 6,70	— 19	— 12,90
1915-16	+ 9,23	+ 10,40	+ 38	+ 20,01
1916-17	+ 13,89	+ 33,81	+ 99	+ 48,69
1917-18	+ 17,22	+ 27,86	+ 1,01	+ 46,09
1918-19	+ 49,28	+ 45,02	+ 2,92	+ 97,22
1919-20	+ 20,20	+ 20,09	+ 2,16	+ 42,45
1920-21	— 5,90	— 25,68	— 46	— 32,04
1921-22	+ 9,35	— 10,46	— 4	— 1,15
1922-23	+ 3,87	— 9,56	+ 23	— 5,46
1923-24	+ 7,96	+ 7,62	+ 34	+ 15,92
1924-25	— 2,51	+ 3,65	+ 49	+ 1,63
1925-26	+ 1,16	— 8,17	+ 23	— 6,78
1926-27	— 3,40	— 19,76	+ 11	— 23,05
1927-28	+ 10,22	— 3,75	+ 40	+ 6,87
1928-29	+ 3,57	— 3,03	+ 44	+ 98
1929-30	— 18,80	— 21,71	+ 14	— 40,37
1930-31	— 11,37	— 21,58	— 65	— 33,60
1931-32	+ 17,24	+ 3,93	+ 21	+ 21,38
1932-33	— 14,83	— 7,56	+ 10	— 22,29
1933-34	+ 13,54	— 30	+ 65	+ 13,89
1934-35	— 32	— 3,21	+ 48	— 3,05
1935-36	+ 5,26	— 9,41	+ 22	— 3,93
1936-37	+ 25,53	— 2,49	+ 1,01	+ 24,05
1937-38	— 8,23	— 6,52	+ 87	— 13,88
1938-39	+ 2,98	— 12,60	+ 19	— 9,43
Total for 20 years 1919-20 to 1938-39 ..	**+ 55,52**	**— 130,50**	**+ 7,12**	**— 67,86**
Average for 20 years 1919-20 to 1938-39	**+ 2,78**	**— 6,53**	**+ 36**	**— 3,39**
1939-40	+ 49,45	+ 10,08	+ 2,21	+ 61,74
1940-41	+ 19,11	+ 33,23	+ 4,28	+ 56,62
1941-42	+ 152,40	+ 7,18	+ 5,06	+ 164,64
1942-43 †	+ 261,85	+ 44,93	+ 11,64	+ 318,42
1943-44 †	+ 238,91	+ 25,60	+ 18,46	+ 282,97
1944-45 †	+ 202,39	+ 10,05	+ 19,20	+ 231,64
1945-46 †	+ 133,89	+ 18,35	+ 9,98	+ 162,22
Total for 7 years 1939-40 to 1945-46 ..	**+ 1,058,00**	**+ 149,42**	**+ 70,83**	**+ 1,278,25**
Average for 7 years 1939-40 to 1945-46..	**+ 151,14**	**+ 21,35**	**+ 10,12**	**+ 182,61**

* Including Government of India one rupee notes since July 1940. † India only.

STATEMENT XLII

*Monthly Absorption of Currency, 1945-46

(*Reference paragraph* 73)

(In lakhs of rupees)

1944-45					1945-46			
Notes	Rupee Coin	Small Coin	Total	Month	Notes	Rupee Coin	Small Coin	Total
+ 14,31	+ 1,42	+ 1,68	+ 17,41	April	+ 22,15	— 1,86	+ 1,33	+ 21,62
+ 13,52	+ 2,23	+ 2,05	+ 17,80	May	+ 13,99	+ 4,78	+ 1,63	+ 20,40
+ 21,05	+ 92	+ 1,81	+ 23,78	June	+ 15,95	+ 1,05	+ 1,08	+ 18,08
— 9,41	— 1,65	+ 1,63	— 9,43	July	— 8,24	— 1,37	+ 1,42	— 8,19
+ 5,05	— 1,29	+ 1,72	+ 5,48	August	+ 10,72	— 96	+ 86	+ 10,62
+ 14,24	+ 72	+ 1,67	+ 16,63	September	+ 2,39	— 72	+ 63	+ 2,30
+ 15,29	+ 64	+ 1,49	+ 17,42	October	+ 14,29	+ 61	+ 48	+ 15,38
+ 16,55	— 75	+ 1,48	+ 17,28	November	+ 20,24	+ 47	+ 42	+ 21,13
+ 36,51	+ 2,12	+ 1,47	+ 40,10	December	+ 34,52	+ 40	+ 33	+ 35,25
+ 24,41	+ 2,32	+ 1,42	+ 28,15	January	— 11,20	+ 8,70	+ 54	— 1,96
+ 25,33	+ 2,30	+ 1,33	+ 28,96	February	— 3,79	+ 5,82	+ 57	+ 2,60
+ 25,54	+ 1,07	+ 1,45	+ 28,06	March	+ 22,87	+ 1,43	+ 69	+ 24,99
+ 202,39	+ 10,05	+ 19,20	+ 231,64	Total	+ 133,89	+ 18,35	+ 9,98	+ 162,22

* Figures for India only.

STATEMENT XLIII

CIRCULATION OF NOTES BY DENOMINATIONS SINCE 1913-14†

(Reference paragraph 79)

Year ended (31st March)	NOTES IN CIRCULATION (in lakhs of rupees)											*Percentage to Gross Circulation of all notes except Rs. 10,000*							
	Re. 1	Rs. 2	Rs. 2-8	Rs. 5	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000	*Re. 1*	*Rs. 2*	*Rs. 2-8*	*Rs. 5*	*Rs. 10*	*Rs. 20*	*Rs. 50*	*Rs. 100*	*Rs. 500*	*Rs. 1,000*
1914 „ ..	..	..	..	1,61	17,73	8	1,78	17,81	2,64	9,17	..	..	..	*3.2*	*34.9*	*.2*	*3.5*	*35.0*	*5.2*	*18.0*
1921 „ ..	9,52	..	51	14,05	52,67	3	3,84	47,22	2,53	17,81	*6.4*	..	*.4*	*9.5*	*35.5*	..	*2.6*	*31.9*	*1.7*	*12.0*
1922 „ ..	9,93	..	27	15,84	57,51	3	4,05	54,28	2,05	14,68	*6.2*	..	*.2*	*10.0*	*36.3*	..	*2.5*	*34.2*	*1.3*	*9.3*
1923 „ ..	10,88	..	13	16,27	56,71	2	3,76	59,43	1,74	14,41	*6.7*	..	*.1*	*10.0*	*34.7*	..	*2.3*	*36.4*	*1.0*	*8.8*
1924 „ ..	11,39	..	7	15,90	57,18	2	3,12	69,41	1,62	12,87	*6.6*	..	..	*9.3*	*33.4*	..	*1.8*	*40.5*	*.9*	*7.5*
1925 „ ..	4,15	..	4	15,83	68,57	2	2,61	63,87	1,32	13,11	*2.5*	..	..	*9.3*	*40.5*	..	*1.5*	*37.7*	*.8*	*7.7*
1926 „ ..	72	..	2	15,66	76,88	2	2,23	60,22	1,19	13,20	*.4*	..	..	*9.2*	*45.2*	..	*1.3*	*35.4*	*.7*	*7.8*
1927 „ ..	44	..	2	16,49	72,86	2	2,15	60,09	1,10	13,42	*.3*	..	..	*9.9*	*43.7*	..	*1.3*	*36.1*	*.7*	*8.0*
1928 „ ..	39	..	1	18,91	76,27	2	2,09	63,07	1,05	14,90	*.2*	..	..	*10.7*	*43.2*	..	*1.2*	*35.7*	*.6*	*8.4*
1929 „ ..	36	..	1	23,77	74,55	2	2,01	65,76	99	12,69	*.2*	..	..	*13.2*	*41.4*	..	*1.1*	*36.5*	*.6*	*7.0*
1930 „ ..	35	..	1	20,97	69,08	2	1,60	58,88	84	10,78	*.2*	..	..	*12.9*	*42.6*	..	*1.0*	*36.3*	*.3*	*6.7*
1931 „ ..	34	..	1	18,92	64,20	2	1,53	54,86	77	10,76	*.2*	..	..	*12.5*	*42.4*	..	*1.0*	*36.3*	*.5*	*7.1*
1932 „ ..	34	..	1	22,31	69,55	2	1,51	63,07	79	11,67	*.2*	..	..	*13.2*	*41.1*	..	*.9*	*37.3*	*.4*	*6.9*
1933 „ ..	33	..	1	19,95	61,83	2	1,28	57,65	68	11,63	*.2*	..	..	*13.0*	*40.3*	..	*.8*	*37.6*	*.5*	*7.6*
1934 „ ..	33	..	1	21,53	67,41	2	1,33	64,90	60	11,31	*.2*	..	..	*12.9*	*40.2*	..	*.8*	*38.8*	*.4*	*6.7*
1935 „ ..	32	..	1	23,11	67,83	2	1,26	60,94	56	17,72	*.2*	..	..	*13.5*	*39.5*	..	*.7*	*35.5*	*.3*	*10.3*
Year ended (31st Dec.)																				
1935 „ ..	32	..	1	25,28	69,31	1	1,34	62,35	53	12,84	*.2*	..	..	*15.0*	*40.3*	..	*.7*	*36.0*	*.3*	*7.5*
1936 „ ..	33	..	1	31,71	77,34	1	1,36	69,07	48	12,11	*.2*	..	..	*16.5*	*40.2*	..	*.8*	*35.9*	*.2*	*6.2*
1937 „ ..	32	..	1	32,46	76,08	1	1,25	62,44	45	11,01	*.2*	..	..	*17.5*	*41.3*	..	*.7*	*34.0*	*.2*	*6.0*
1938 „ ..	32	..	1	33,84	77,89	1	1,01	62,81	37	10,51	*.2*	..	..	*18.1*	*41.7*	..	*.6*	*33.6*	*.2*	*5.6*
1939 „ ..	32	..	1	45,63	98,29	1	92	75,57	34	13,79	*.1*	..	..	*19·4*	*41·9*	..	*.4*	*32·1*	*.2*	*5.9*
1940 „ ..	32	..	1	44,03	97,83	1	61	80,44	33	17,64	*.1*	..	..	*18·3*	*40·6*	..	*.2*	*33.4*	*·1*	*7.3*
1941 „ ..	32	..	1	62,23	134,89	1	51	113,13	36	28,20	*.1*	..	..	*18.3*	*39·7*	..	*·2*	*33·3*	*·1*	*8·3*
1942* „ ..	32	..	1	106,74	218,21	1	46	202,82	52	54,07	..	..	..	*18·3*	*37·4*	..	*·1*	*34·8*	*·1*	*9·3*
1943* „ ..	32	5,56	1	142,48	302,93	1	37	291,54	60	90,99	..	*.7*	..	*17.1*	*36.3*	..	..	*34·9*	*.1*	*10.9*
1944* „ ..	32	9,73	1	148,80	363,38	1	30	382,51	32	100,93	..	*1·0*	..	*14·8*	*36·1*	..	..	*38·0*	..	*10.1*
1945* „ ..	32	14,45	1	153,87	425,37	..	25	495,84	26	113,37	..	*1·2*	..	*12·8*	*35·3*	..	..	*41.2*	..	*9·4*

† Excluding (1) the Government of India one rupee notes introduced in July 1940, which are treated for the purposes of the Bank as rupee coin, and (2) Rs. 10,000 notes which are mainly used by banks for making large adjusting payments. * India notes only.

STATEMENT XLIV

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS SINCE 1835

(Reference paragraph 84)

	Coined in Calcutta	Coined in Madras	Coined in Bombay	Total Coined
	Rs.	Rs.	Rs.	Rs.
William IV, 1835	10,90,88,070	11,78,000	5,37,12,502	16,39,78,572
Victoria, 1840, 1st issue ..	17,99,34,670	2,18,98,181	10,98,38,073	31,16,70,924
„ 1840, 2nd „ ..	39,85,53,660	5,50,49,201	31,29,58,076	76,65,60,937
„ 1862	26,94,27,222	2,94,81,923	40,80,03,034	70,69,12,179
„ 1874	1,50,13,834	.....	2,85,08,566	4,35,22,400
„ 1875	1,16,31,951	.....	1,93,59,597	3,09,91,548
„ 1876	1,20,01,264	.....	2,89,49,037	4,09,50,301
„ 1877	3,92,51,692	.....	9,55,54,320	13,48,06,012
„ 1878	3,26,57,837	.....	6,39,27,196	9,65,85,033
„ 1879	1,59,28,325	.....	7,27,99,904	8,87,28,229
„ 1880	1,83,99,894	.....	5,37,85,624	7,21,85,518
„ 1881	24,35,719	.....	31,61,858	55,97,577
„ 1882	1,50,90,289	.....	5,63,97,278	7,14,87,567
„ 1883	51,23,372	.....	1,80,22,789	2,31,46,161
„ 1884	1,16,41,757	.....	3,68,46,570	4,84,88,327
„ 1885	3,41,52,203	.....	6,48,78,000	9,90,30,203
„ 1886	1,08,78,075	.....	4,11,46,457	5,20,24,532
„ 1887	4,02,00,148	.....	4,84,00,000	8,86,00,148
„ 1888	75,68,000	.....	6,32,00,000	7,07,68,000
„ 1889	93,68,310	.....	6,53,00,000	7,46,68,310
„ 1890	2,47,41,865	.....	9,29,00,000	11,76,41,865
„ 1891	1,46,69,903	.....	4,95,00,000	6,41,69,903
„ 1892	2,24,55,120	.....	7,22,00,000	10,46,55,120
„ 1893	91,40,310	.....	6,95,90,000	(a) 7,87,30,310
„ 1897	4,70,184	.....	10,54,593	(b) 15,24,777
„ 1898	12,50,976	.....	62,68,437	(b) 75,19,413
„ 1900	5,29,02,591	.....	6,52,36,908	(c) 11,81,39,499
„ 1901	3,37,22,243	.....	7,54,13,718	(d) 10,91,35,961
„ 1901 coined in 1902 ..	3,82,94,644	.....	5,48,44,740	(e) 9,31,39,384
Edward VII, 1903 ditto ..	25,000	.....	.....	25,000
„ „ 1903	4,93,78,355	.....	5,29,69,151	(f) 10,23,47,506
„ „ 1904	5,83,38,617	.....	10,19,40,291	(g) 16,02,78,908
„ „ 1905	5,12,57,883	.....	7,62,02,223	(h) 12,74,60,106

(a) Including Rs. 5,90,000 coined for the Bikaner State.
(b) On account of Kashmir and Bhopal re-coinage.
(c) „ „ 2,09,02,414 coined for Indian States.
(d) Including Rs. 1,90,43,904 coined for Indian States.
(e) „ „ 2,98,86,014 „ „ „ „
(f) „ „ 11,66,451 „ „ „
(g) „ „ 59,422 „ „ „ „
(h) „ „ 3,28,000 „ „ „

STATEMENT XLIV—(*continued*)

WHOLE RUPEES COINED AND ISSUED FROM THE INDIAN MINTS SINCE 1835

		Coined in Calcutta	Coined in Madras	Coined in Bombay	Coined in Lahore	Total Coined
		Rs.	Rs.	Rs.		Rs.
Edward VII,	1906	10,47,97,164	....	15,89,53,269	....	(*j*) 26,37,50,433
„ „	1907	8,13,38,000	....	17,09,11,816	....	(*k*) 25,22,49,816
„ „	1908	2,02,17,728	....	1,07,14,770	....	3,09,32,498
„ „	1909	1,27,58,580	....	95,38,746	....	(*l*) 2,22,97,326
„ „	1910	85,00,000	....	91,88,673	....	1,76,88,673
„ „	1910 coined in 1911	41,27,013	....	16,96,273	....	58,23,286
George V,	1911	42,99,924	....	51,43,125	....	94,43,049
„ „	1912	4,51,22,132	....	7,90,67,074	....	(*m*) 12,41,89,206
„ „	1913	7,58,00,163	....	8,74,65,788	....	(*n*) 16,32,65,951
„ „	1914	3,31,00,150	....	1,52,70,000	....	4,83,70,150
„ „	1915	99,00,139	....	53,71,979	....	1,52,72,118
„ „	1916	11,50,00,210	....	9,79,00,000	....	21,29,00,210
„ „	1917	11,32,00,217	....	15,15,82,659	....	26,47,82,876
„ „	1917 coined in 1918	17,74,025	....	....	....	17,74,025
„ „	1918	20,13,26,240	....	21,05,50,363	....	41,18,76,603
„ „	1918 coined in 1919	40,94,006	....	....	....	40,94,006
„ „	1919	19,68,06,224	....	22,67,06,054	....	42,35,12,278
„ „	1919 coined in 1920	1,44,00,031	....	....	....	1,44,00,031
„ „	1920	3,86,00,085	....	5,59,36,544	....	9,45,36,629
„ „	1920 coined in 1921	64,00,064	....	....	....	64,00,064
„ „	1920 coined in 1922	5,64,000	....	....	....	5,64,000
„ „	1920 coined in 1923	49,36,050	....	....	....	49,36,050
„ „	1921	....	....	51,15,121	....	51,15,121
„ „	1922	....	....	20,51,150	....	20,51,150
George VI,	1938 coined in 1940	....	....	98,02,178	....	98,02,178
„ „	1940	....	....	(*o*) 2,35,00,002	....	2,35,00,002
„ „	1941	....	....	(*o*) 24,11,00,001	....	24,11,00,001
„ „	1942	....	....	(*o*) 23,75,00,001	....	23,75,00,001
„ „	1943	....	....	(*o*) 6,69,94,637	....	6,69,94,637
„ „	1944	....	....	(*o*) 15,22,06,000	(*o*) 8,54,00,000	23,76,06,000
„ „	1945	....	....	(*o*) 13,47,94,000	(*o*) 9,11,00,000	(*o*) 22,58,94,000
Total William IV		**10,90,88,070**	**11,78,000**	**5,37,12,502**	....	**16,39,78,572**
„ Victoria		**133,69,06,058**	**10,64,29,305**	**207,80,44,775**	....	**352,13,80,138**
„ Edward VII		**39,07,38,340**	....	**59,21,15,212**	....	**98,28,53,552**
„ George V		**86,53,23,660**	....	**94,21,59,857**	....	**180,74,83,517**
„ George VI Standard ..		....	....	**98,02,178**	....	**98,02,178**
„ „ Quaternary ..		....	....	**85,60,94,641**	**17,65,00,000**	**103,25,94,641**
Total ..		**270,20,56,128**	**10,76,07,305**	**453,19,29,165**	**17,65,00,000**	**751,80,92,598**

(*j*) Including Rs. 3,90,310 coined for Indian States and Rs. 1,67,00,000 (Calcutta Rs. 32,00,000 and Bombay Rs. 1,35,00,000) coined from silver in Gold Standard Reserve.

(*k*) „ Rs. 94,766 coined for Indian States and Rs. 4,33,00,000 (Calcutta Rs. 1,68,00,000 and Bombay Rs. 2,65,00,000) coined from silver in Gold Standard Reserve.

(*l*) „ Rs. 1,01,459 coined for Indian States.

(*m*) Including Rs. 16,56,250 coined for Indian States.

(*n*) „ „ 12,78,441 „ „ „

(*o*) Quaternary rupees.

APPENDIX

List of Approved Non-Scheduled Banks and Indigenous Bankers Eligible for Concessional Rates of Remittances under the Reserve Bank's Scheme of Remittance Facilities.

I. *Non-Scheduled Banks.*

1. 'Agricultural and Industrial Bank Ltd., Coondapur.
2. Amrit Bank Ltd., Amritsar.
3. Aryan Bank Ltd., Calcutta.
4. Associated Bank of Tripura Ltd., Gangasagar.
5. Balthazar & Son (Bankers) Ltd., Rangoon.
6. Bank of Citizens Ltd., Belgaum.
7. Bank of Calcutta Ltd., Calcutta.
8. Bank of Konkan Ltd., Malvan.
9. Bank of the East (1927), Gauhati.
10. Banthia Bank Ltd., Panvel.
11. Bareilly Bank Ltd., Bareilly.
12. Belgaum Bank Ltd., Belgaum.
13. Bengal Bank Ltd., Calcutta.
14. Bharat Banking Co. Ltd., Silchar.
15. Bharat Industrial Bank Ltd., Poona.
16. Bharatha Lakshmi Bank Ltd., Masulipatam.
17. Bishnupur Bank Ltd., Bishnupur.
18. Burma-Buddhist Orphanage Association Bank Ltd., Mandalay.
19. Calcutta Industrial Bank Ltd., Calcutta.
20. Chawla Bank Ltd., Bannu.
21. Chotanagpur Banking Association Ltd., Hazaribagh.
22. City Bank Ltd., Lahore.
23. Commercial Bank and Trust Ltd., Madras.
24. Commonwealth Bank Ltd., Kumbakonam.
25. Continental Bank of Asia Ltd., Calcutta.
26. Dass Bank Ltd., Calcutta.
27. Dawson's Bank Ltd., Pyapon, Burma.
28. Dinajpur Trading & Banking Co. Ltd., Dinajpur.
29. Dindigul Sri Kannikaparameswari Bank Ltd., Dindigul.
30. Eastern Traders Bank Ltd., Calcutta.
31. Eastern Union Bank Ltd., Chittagong.
32. Federal Bank of India (Punjab) Ltd., Lahore.
33. Frontier Bank Ltd., Dera Ismail Khan.
34. Gauhati Bank Ltd., Gauhati, Assam.
35. Girish Bank Ltd., Calcutta.
36. Himalya Bank Ltd., Kangra.
37. Hira Bullion Bank Ltd., Meerut.
38. India's Ideal Banking Corporation Ltd., Bangalore.
39. Indian National Bank Ltd., Calcutta.

40. Jaya Laxmi Bank Ltd., Mangalore.
41. Karnataka Bank Ltd., Mangalore.
42. Kotagiri Bank Ltd., Kotagiri.
43. Lakshimi Commercial Bank Ltd., Rawalpindi.
44. Laxmi Industrial Bank Ltd., Calcutta.
45. Lion Bank Ltd., Rawalpindi.
46. Maharashtra Apex Bank Ltd., Udipi.
47. Mannargudi Bank Ltd., Mannargudi.
48. Mayavaram Permanent Fund Ltd., Mayavaram.
49. Molarkode Bank Ltd., Palghat.
50. Nainital Bank Ltd., Nainital.
51. National Bank of Sialkot Ltd., Sialkot.
52. National Economic Bank Ltd., Calcutta.
53. National Security Bank Ltd., Calcutta.
54. Pioneer Commercial Bank Ltd., Calcutta.
55. Pollachi Union Bank Ltd., Pollachi.
56. Punjab and Kashmir Bank Ltd., Rawalpindi.
57. Rajapalayam Commercial Bank Ltd., Rajapalayam.
58. Rayalaseema Bank Ltd., Bellary.
59. Sahukara Bank Ltd., Ludhiana.
60. Salem Bank Ltd., Salem.
61. Sangli Bank Ltd., Sangli.
62. Satara Swadeshi Commercial Co. Ltd., Satara City.
63. Shillong Banking Corporation Ltd., Shillong.
64. Sind National Bank Ltd., Hyderabad (Sind).
65. Sonar Bangla Bank Ltd., Calcutta.
66. Southern India Apex Bank Ltd., Udipi.
67. Suburban Bank Ltd., Calcutta.
68. Supreme Bank of India Ltd., Belgaum.
69. Surat Banking Corporation Ltd., Surat.
70. Surma Valley Bank Ltd., Sylhet.
71. Sylhet Commercial Bank Ltd., Sylhet.
72. Sylhet Industrial Bank Ltd., Sylhet.
73. Tanjore Permanent Fund Ltd., Tanjore.
74. Tezpur Industrial Bank Ltd., Tezpur.
75. Trichinopoly Bank Ltd., Trichinopoly.
76. Trichinopoly Tennore Hindu Permanent Fund Ltd., Trichinopoly.
77. Union Bank of Bengal Ltd., Calcutta.
78. Union Bank of Bijapur and Sholapur Ltd., Bijapur.
79. United Western Bank Ltd., Satara City.
80. U.P. Industrial Financing Corporation Ltd., Cawnpore.
81. Vijaya Bank Ltd., Mangalore.
82. Vysya Bank Ltd., Bangalore.

II. *Indigenous Bankers.*

1. Messrs. Balakram Dwarkadas, Simla.
2. Messrs. Bhaulal Bankers, Shahjahanpur.
3. Messrs. Durgasah Mohanlalsah, Ranikhet.
4. Mr. Ranchodbhai Bhaichandbhai Sura, Bombay.
5. Union Banking Service, Chiplun.

INDEX

Paragraph

A

Absorption, currency 73
„ currency, busy season .. 73
„ of notes 70
„ „ rupees 71
„ „ small coin 72
Agricultural commodities, prices of .. 14
„ projects, Burma 10
Agriculture, United Kingdom, public control of 6
Anglo-American Loan Agreement .. 1, 6, 15
Assaying and refining of gold .. 24
„ „ „ „ silver .. 27
Australia, Commonwealth Bank of, changes in the constitution 61
„ price trends 13
„ reconversion 7
„ reduction in money rates .. 60
„ trade 15

B

Balance of Payments, United Kingdom. 1, 6
„ „ Trade, Canada 15
„ „ „ India 16
Balances, Central Government 42, 43
„ Government 67, 76
Balances of Scheduled Banks with the Reserve Bank 63, 67
Balance, Provincial Governments .. 47
Banking Companies Inspection Ordinance 69
„ Legislation, India 69
„ , nationalisation of 61
„ , trends abroad 61
Bank Notes Declaration of Holdings Ordinance 80
„ of England, nationalisation .. 54, 61
Bank Rate, foreign countries 60
„ „ India 60
Banks, number of new 62
Bengal Famine, Central assistance .. 35
Black markets, discouraging of 80
Bombay Bullion Exchange, fixation of prices 23, 26
Bombay, returns from Excise 40
Branch banking, wartime expansion .. 62
Bretton Woods Conference, decisions, ratification 1
Budget Central 36
„ „ , industrial markets .. 58
„ „ Revised Estimates, 1946-47 35
„ Railway 38
Bullion market 23, 26
Burma and India, exchange relations .. 31
Burma, Indian refugees 10
„ notes, Reserve Bank's liabilities. 70
„ „ encashment of .. 78
„ rehabilitation 10

Paragraph

B—contd.

Burma, re-opening of the Rangoon Office of the Reserve Bank.. .. 68
„ scheduled banks 63

C

Canada, Balance of Trade 15
„ international loans 1, 7
„ price control 4
„ „ trends 13
„ Reconversion 7
„ release of domestic silver .. 25
Capital, Issues, working of control .. 59
Capital markets 56, 57, 58
Central banking policy, foreign countries 61
„ „ „ nationalisation in England, France and New Zealand 61
„ banks, stocks of gold 22
Central Government Budget, 1946-47 .. 42
„ „ „ „
„ and Industrial share markets .. 58
„ Government, Finance Accounts, 1944-45 .. 34
„ „ , Revised Budget Estimates 1946-47 35
„ „ , wartime debt .. 42
Cheap Money Policy 49, 56, 58
„ „ „ , United Kingdom. 60
Cheques, amount and number cleared.. 64
China, despatch of Trade Mission to .. 21
Chinese freezing Order, withdrawal of .. 33
Circulation of notes 70
„ „ „ by denominations. 79
„ „ rupee coin 71
Clearing House Statistics 64
Cinematograph Film (Control of Distribution) Order 1943, withdrawal of 11
Coinage 84
Coinage, Decimalisation 85
Coin, counterfeit 88
Combined Food Board 1
Commonwealth Bank of Australia, establishment of the Industrial Finance Department 7
Conferences, International 2
Consolidated position of schedule banks. 63
Consumer Goods (Control of Distribution) Order, removal of 2, 14
Control, of Capital Issues 59
Controls, liberalisation of 14
„ , removal of trade, in United Kingdom, South Africa, Canada & United States .. 15
Counterfeit coin 88
Currency absorption 73
Currency, seasonal movements of .. 74

Paragraph

D

Decimal system of coinage 85
Defence expenditure, decline in and note circulation 70
Demobilisation, terminal benefits .. 35
Demonetisation Ordinances 80
„ „ bank balances 67, 80
„ „ industrial share markets .. 58
„ „ prices of gold and silver .. 23, 26
„ „ States .. 80
Deposit currency, circulation of .. 64
Deposits, foreign banks 61
„ scheduled banks 63
„ wartime increase 62
Deshmukh, Sir Chintaman, D., Board of Governors of International Fund and Bank 2

E

Economic Conditions, Burma 10
„ „ Empire Countries 7
„ „ India 11
„ „ Middle Eastern Countries .. 8
„ „ United Kingdom 6
„ „ United States .. 5
„ „ U.S.S.R. .. 9
Egypt, sterling debt replacement; appointment of Trade Commission 21
Empire Countries 7
„ „ production of gold .. 22
„ „ trade with 17
Estate Duty, levy of 36
Excess Profits Tax, abolition of .. 36
„ „ „ Total returns .. 37
Exchange banks, banking rates for demand bills 29
Exchange control, developments .. 30
Export Control Order, relaxation of .. 2, 16
„ Credit Insurance Act, Canada .. 15
„ finance, methods of 33
Export-Import Bank, United States .. 15
„ „ loan policies of .. 15
Exports 19
„ United Kingdom, promotion of 6

F

Financial settlement between United Kingdom and India 36
Financing purchases from India .. 33
Foodgrains Policy Committee .. 11
Food, prices of 14
„ world situation 1

Paragraph

F—contd.

Foreign exchange, applications for .. 30
„ „ rates 29
Forgeries, notes 83
France, nationalisation of the Bank of France 61

G

Gilt-edged market 56
Gold, assaying and refining of 24
„ coin and bullion, Issue Department, Reserve Bank of India 68
„ export of, to Burma 31
„ holdings, valuation of 22
„ imposition of import duty on .. 23, 36
„ monetary stocks of 22
„ price of 23
„ production and stocks of .. 22
„ total official sales in India .. 23
Government loans, price trends .. 56
„ Promissory Notes, conversion of 52
„ securities; face value and market value of: price trends 56

H

Hydari Mission 11,28
Hyderabad State, National Savings Certificates 53

I

Imperial Bank of India, Remittances .. 65
Imports, extension of, General License 16
„ financing of, United Kingdom 6
Income-Tax, concessions 36
„ „ provincial share of 35, 36, 40, 41
India, food situation: Government's industrial policy: membership of Bretton Woods Monetary Agreements; price levels in 11
„ Monetary Agreements with foreign countries 32
Industrial Finance Corporation, proposed 11, 36
„ Issues, Capital, Control of .. 59
„ Planning Committee Report 11
„ share markets in India .. 58
„ „ „ „ United Kingdom and United States .. 57
Industries, protection of 20
„ tax relief 3, 36
Institutional investors 49
Insurance Companies, life, taxation .. 36
Internal remittances 65
International Bank of Reconstruction and Development 1, 2, 15

Paragraph

I—contd.

International Conferences 2
„ loans by United States .. 1
„ „ Canada 1
„ Monetary Fund .. 1, 2, 15
„ Trade, Conference .. 15
Iran, appointment of Trade Commissioner 21
„ trade with 17

J

Joshi, J. V., India's representative on International Monetary Fund Board.. 2

L

Labour Government, United Kingdom 6
Land revenues, Provincial 40
Lend-lease Aid 1
„ „ dollar position 30
„ „ Exports to India 15
„ „ final settlement 1
„ „ silver, total releases .. 25
„ „ termination of, bullish effect on shares 58
„ „ total United States' Exports 15
Loan policy, Government's, note circulation 70
Loans, flotation of 49
„ Government of India, price trends 56
„ international 1
„ Provincial 54
„ „ price trends .. 56
„ repayment of 50
London-New York cross rate 29

M

Madras, returns from Excise 40
Manufactured articles, prices of .. 14
Mexico, silver coinage 25
Middle Eastern Countries 8
Mintage, small coin : rupees 84
Monetary Agreements, Anglo-American 15, 30
„ „ by United Kingdom 15, 32
„ stocks of gold 22
Money circulation and wholesale prices.. 4
„ supply in India, total 82
„ rates, India 60
„ „ in various countries .. 60
„ „ reduction in Australia .. 60
Multilateral trade 1
Mutual Aid, British White Paper on .. 6
„ „ Canada 7

N

National Savings Certificates .. 53
„ „ „ Hyderabad State .. 53
Nationalisation policy, United Kingdom 6

Paragraph

N—contd.

New Zealand, nationalisation of the Bank of New Zealand 61
„ „ trade 15
Nickel and copper coin, withdrawal of .. 87
Nieymeyer Award 35, 36, 40, 41
Non-scheduled Banks, during war .. 62
Note circulation and demand deposits .. 75
„ „ sight deposits of banks and wholesale prices 75
„ forgeries 83
Notes, Burma 70
„ „ encashment of 78
„ changes in the form of 77
„ circulation by denominations .. 79
„ „ foreign countries .. 61
„ „ India 68
„ foreign circle, encashment of .. 66
„ high denomination, demonetisation of 80
„ lost, destroyed and mutilated .. 82
„ old 81

O

One-rupee notes 71

P

Paper Control (Economy) Order, 1944, amendment 11
Post Office Savings Bank Deposits .. 53
Post-war Reconstruction, Provincial plans 36
Price reductions 14
Prices, wholesale and money circulation 4
Price trends, general 12
„ „ Government securities .. 56
„ „ India 14
Prize Bonds 49
Protective Duties Act, 1946 20
Provincial Budgets 14
„ Debt position 42
„ „ to the Centre .. 42
„ „ wartime 42
„ Five-year Plans, Central Assistance 36
„ investments in Central Government Treasury Bills 44
„ loans 54
Provinces, subventions from the Centre.. 41
Public Debt of India 42, 49
„ „ „ „ composition of .. 51
„ „ „ „ interest charges .. 36
„ „ „ „ repayment of .. 50

Q

Quaternary rupee coin 71

R

Railway Budget 38
„ finances, wartime 39
Railways' Betterment Fund 38
„ contribution to General Revenues 36, 38

Paragraph

R—contd.

Raw materials, prices of 14
Reconstruction, finance 36
„ „ Burma .. 10
„ „ small savings 53
Reconstruction, Provincial Five-year plans .. 36
Relief Co-ordination Committee .. 11
Remittance facilities, new scheme .. 65
Remittances, internal 65
Reparations Conference 2
Report of the All-India Health Survey and Public Health Committee .. 11
Reserve Bank of India, Banking Department .. 67
„ „ „ Bank Rate .. 56, 57
„ „ „ Bretton Woods Monetary Agreement .. 2
„ „ „ Issue Department .. 68
„ „ „ Issue Department, Government balances 42, 43
„ „ „ Issue Department, holdings of sterling .. 28
„ „ „ Issue Department, Treasury Bills issued in favour of .. 44
„ „ „ Sales of ready sterling .. 29
„ „ „ sterling purchases 28
Rupee coin, in circulation: quaternary; transfers from Government 71
Rupee coin, mintage 84
„ „ Reserve Bank's holdings .. 68
„ Debt 51
Rupee Debt, face value and market value of 56
„ securities, Reserve Bank's holdings 68

S

San Francisco Conference, United Nations Charter 2
Scheduled Banks, consolidated position of 63
„ „ during war 62
„ „ remittances 65
Slack season return 73
Silver, assaying and refining of 27
„ change in price in London .. 26
„ change in United States Treasury's buying price 26
„ coin, withdrawal of 86
„ enhancement of import duty on 23, 26, 36
„ price of 26

Paragraph

S—contd.

Silver, production and stocks of .. 26
„ total official sales of 26
Small coin, absorption of 72
„ „ mintage 84
„ Savings 49, 53
Social Security, scheme of 11
„ services, cost of provincial .. 42
South Africa, concessions to coal mining industry 15
„ „ food situation 9
„ „ reconversion 7
„ „ trade 15
Speculative demand for gold 23
„ „ „ and industrial shares .. 57, 58
„ „ „ silver 26
„ „ „ Government securities .. 56
Standard rupees, cessation of legal tender character of 71
„ „ withdrawal of .. 86
States, Demonetisation Ordinances .. 80
Sterling area 30
„ balances, early settlement .. 1
„ „ total 37
„ debt, composition of 7
„ „ reduction in 42
„ „ repatriation of 42, 55
Sterling, forward sales of 29
„ market for, in New York .. 33
„ purchases of 28
„ securities, Reserve Bank's holdings 68
Subventions from the Centre 41
„ to Bengal regarding cost of famine 35, 41

T

Tariff Board, appointment of 20
Tata Steel shares 58
Telegraphic transfers 65
Textile Industry (Control of Production) Order 11
Timber Control Order, withdrawal of .. 11
Trade Agreements.. 21
Trade, composition of 18
„ Commissioners 21
„ Conference, International .. 2
„ Direction of 17
„ India's balance of 16
„ prospects of 21
„ trends in international 15
Treasury bill rates in United Kingdom.. 60
„ bills, Central Government .. 44, 60
„ „ investments of Provincial Governments .. 44
„ „ issues to Finance Repatriation 42
„ „ Provincial Governments 48
„ „ yield on 45

	Paragraph
U	
United Kingdom, Interim Budget ..	58
„ „ nationalisation of the Bank of England ..	61
„ „ note circulation ; bank deposits	4
„ „ Reconversion ..	6
„ „ relaxation of Exchange restrictions ..	30
„ „ White Paper on British expenditure in India	58
„ „ White Paper on world food situation ..	1
United Nations	1, 2
„ „ Monetary and Financial Conference, Bretton Woods	2
United Provinces, Encumbered Estate Act Bonds	54
UNRRA, world food supplies	1
United States, Export-Import Bank ..	1, 15
„ „ foreign loan policy ..	15
„ „ international loans ..	1
„ „ Lend-lease exports ..	15
„ „ measures to check speculation in shares ..	57
„ „ note circulation	4
„ „ price trends	13
„ „ purchase price of silver	23, 25, 26
„ „ Reconversion	3, 5
„ „ reduction in statutory gold reserves	61
„ „ relaxation of Export Controls	15
„ „ role in solution of world problems	1
„ „ stocks of gold	22
„ „ stocks of silver	25
„ „ trade	15
U.S.S.R., food situation ; five-year plans ; reconversion	9

	Paragraph
W	
War expenditure, recoverable : total	35, 36, 37
War, report on Impact on civilian consumption, United Kingdom, United States, and Canada	6
„ Risks Insurance Schemes, termination of	35
War time, absorption of currency ..	73
„ absorption of small coin ..	72
„ banking, India	62
„ banking trends, foreign countries	61
„ Central finances	27
„ controls of gold and silver	22, 23, 25
„ debt, Central and Provincial..	42
„ „ total	51
„ deposits (demand), of scheduled banks	74
„ increase in deposits	62
„ industrial share market, foreign	57
„ industries, protection of ..	20
„ note circulation	74
„ „ „ foreign countries ..	61
„ official sales of gold	23
„ „ „ silver	26
„ prices, the report on Britain's expenditure in India ..	58
„ production of gold	22
„ Railway finance	39
„ trade	17
Ways and Means advances, Central Government	42, 46
„ „ „ „ Provincial Governments	47
White Paper on British expenditure in India	58
World War I, price levels..	5
Woodhead Famine Enquiry Commission, Recommendations of	11

The Times of India Press, Bombay.

Digitized with financial assistance from

Government of Maharashtra

on 01 February, 2020